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**QUARTERMASTER  
CORPS MANUAL**

**QMC 21-1**

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**GOVERNMENT FURNISHED MATERIALS  
MANUAL**

**BY COMMAND OF MAJOR GENERAL LARKIN:**

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### FOREWORD

1. The purpose of this manual is to announce the policies of The Quartermaster General with respect to the planning, scheduling, and accounting for Government-owned materials and equipment furnished by the Quartermaster Corps to prime contractors and their sub-contractors in accordance with contractual provisions of War Department contracts, and to prescribe the procedures to be followed by Class II Installations of the Quartermaster Corps in the performance of functions pertinent to this activity.

2. The policies and procedures set forth in this manual supplement the basic policies and procedures set forth in AR 35-6520, TM 14-911, Accounting for Government Property Furnished Under Fixed Price Contracts, and TM 14-904, Accounting for Lost, Damaged, and Destroyed Property.

3. The prime responsibility for the protection of the government's interest in connection with property furnished to contractors rests with the Contracting Officer administering the end item contract. The Accountable Property Officer will assist the Contracting Officer to properly discharge his responsibility through the maintenance of adequate records and controls. The mutual interests of the Contracting Officer and Accountable Property Officer require that maximum cooperation exist between them and that their activities be adequately coordinated.

4. Procedures pertaining to internal audits of GFM accounts of the Quartermaster Corps are prescribed in Quartermaster Corps Manual QMC 21-8, November 1945.

5. QMG Circular No. 37, 1 August 1944, Subject: "Installation and Maintenance of Records on War Department Owned Industrial Facilities", QMG Circular No. 34, 12 July 1944, Subject: "Industrial Materials and the Government Furnished Materials Plan" with Supplements 1 to 18, inclusive, and QMG Circular No. 39, 9 August 1944, Subject: "Review of Contracts Involving Government Furnished Materials" are hereby rescinded.

## SECTION I - GENERAL

### 1. DEFINITIONS

a. Government Furnished Material (GFM) is defined as Government-owned materials and/or supplies furnished to contractors in accordance with contractual provisions of a War Department contract which are to be used and/or incorporated in the repair, assembly, overpack, process or manufacture of an end item specified in the contract.

b. Government Furnished Equipment (GFE) is defined as Government-owned machines, motors, jigs, dies, tools, forms, appliances and all other Class B and Class C-1 property, as defined in TM 14-911, furnished to contractors, for use in connection with the performance of War Department contracts, in accordance with contractual provisions of a War Department contract.

c. Bailment Method is defined as the method of supplying Government-owned materials to War Department contractors under which the cost of the GFM is excluded from the purchase price of the end items. Under this method the contractor is furnished with specific materials to be included in an end item, which remain the property of the Government and which must be accounted for in accordance with the provisions of the contract. Bailment Method with respect to GFE refers to equipment, the title to which remains with or accrues to the Government, while in the possession of a contractor either for immediate use or for construction and subsequent use in the production of an item of supply.

d. Sales Method is defined as the method of supplying Government-owned materials to contractors under which the Government:

- (1) Sells the materials necessary for the execution of the contract at a fixed price.
- (2). Purchases and items at a fixed price which includes the value of the GFM used and/or incorporated in the end items at the cost charged by the Government.

Sales Method with respect to GFE refers to equipment, the title to which is transferred to a contractor for a valid consideration.

e. Accountability for GFM and GFE furnished to contractors is defined as a responsibility of the GFM Accountable Property Officer for the maintenance of complete and accurate records, required by the provisions of this manual and other pertinent War Department directives, to reflect the receipt, use and disposition of Government-owned property. In those cases where the GFM Accountable Property Officer is responsible for the physical care and safekeeping of Government-owned property furnished to contractors, his accountability for such property will be under the provisions of AR 35-6520 and he will give good and sufficient bonds

to the United States, in such sums as prescribed in AR 35-220. GFM Accountable Property Officers not responsible for the physical care and safekeeping of Government-owned property are not required to be bonded.

f. "Furnished or Supplied to" refers to and includes all methods whereby Government-owned materials or equipment come into the possession or control of contractors pursuant to the terms of their contracts.

g. Essential Materials are defined as materials and components indispensable to the Quartermaster mission of supply. Only the following factors will be taken as a basis of determining the materials that are to be classed as essential with the presence of one factor sufficient to classify the item as such:

- (1) Inadequate availability of material if such shortages may adversely affect delivery schedules and can be controlled only through centralized purchase and supply.
- (2) If a priority system exists and the priorities granted to contractors, despite representations made by The Quartermaster General, are so low that the supply of scheduled production is jeopardized, then the material should be classed as essential as a protective measure.
- (3) When material is supplied from a large number of different sources resulting in sufficient variations in quality as to affect the military characteristics of the end item, then, in order to achieve greater uniformity in quality, the material may be declared essential; but only in those cases where the variations in quality cannot be practicably controlled by means of inspection.
- (4) If the price obtained by the Quartermaster Corps for a material will be at least fifteen percent (15%) less than the price paid by the Quartermaster Corps to the contractor for the same material as part of an end item.

h. Essential Equipment is defined as equipment indispensable to the Quartermaster mission of supply. Only the following factors will be taken as a basis of determining equipment that is to be classed as essential with the presence of one factor sufficient to classify the item as such.

- (1) The equipment is of special nature and due to its limited use would not be an item normally owned by a contractor.
- (2) If a priority system exists and the priorities granted to the contractor, despite representations made by The Quartermaster General, are so low that performance on the contract is jeopardized, then the equipment should be classed as essential as a protective measure.

i. GFM Accountable Property Officer refers to the officer or civilian charged with the maintenance of controls and records for GFM and GFE, as described herein.

j. Requisitioning Installation is defined as the installation responsible for administering an end item contract which requires GFM to be supplied by another installation.

k. Procuring Installation is defined as the installation responsible for procurement and supply of the GFM required to be furnished to end item contractors.

l. Storage installation is defined as the installation storing materials for and under the accountability of a procuring installation.

m. Class II Installation or Installation refers to and includes Quartermaster Depots, Quartermaster Sections of General Depots, Quartermaster Purchasing Office, New York, and Market Centers under the supervision of Field Headquarters, Perishable Section, Subsistence Branch, Supply Division, Office of The Quartermaster General. The Buying and Production Branch, the Government Furnished Materials Branch, the Cost and Price Analysis Branch, and the Fiscal Division refer respectively to the organizational unit of an Installation responsible for the performance of the functions as set forth in this manual.

2. POLICY - In the accomplishment of the Quartermaster Corps mission of supply, it is the policy of The Quartermaster General that:

a. Quartermaster Corps contracts requiring that GFM and GFE be furnished to War Department contractors will be kept to the absolute minimum.

b. Only essential materials and equipment, as defined herein, will be purchased by procuring agencies of the Quartermaster Corps to be furnished to contractors as GFM and/or GFE.

c. Essential materials will be included within the scope of the supply planning and stock control activities of the Office of The Quartermaster General.

d. Only one Class II Installation will be authorized to procure any one essential material.

e. Essential materials required to be furnished to contractors in connection with any Quartermaster Corps contract will be requisitioned from the installation responsible for procurement and will under no circumstances be procured by an installation not charged with procurement responsibility for the item required.



f. Master Production Schedules, when required for GFM items, will be prepared either by the Office of The Quartermaster General or by the GFM Branch of the Installation responsible for the procurement of GFM under the supervision of the Office of The Quartermaster General.

g. The Class II Installation administering the end item contract will control the stock levels of GFM in contractors' plants within the limits established by this manual.

h. The Bailment Method will be the method normally prescribed in Quartermaster contracts which require the furnishing of Government-owned materials and equipment to contractors.

i. The Sales Method will be employed only by Class II Installations, without further approval, for those items indicated as approved for sale in the List of Essential Materials prescribed by The Office of The Quartermaster General. Specific approval for sales of items not contained in the approved list will be obtained from the Office of The Quartermaster General as follows:

- (1) Subsistence items will be approved for sale by the Supply Division, Subsistence Branch.
- (2) Fuel and lubricant items will be approved for sale by the Supply Division, Fuels & Lubricants Branch.
- (3) Packaging items will be approved for sale by the Supply Division, General Supplies Branch.
- (4) All other items will be approved for sale by the appropriate commodity branch of the Supply Division.

j. Approval to employ the Sales Method, for items not contained in the List of Essential Materials approved for sale, will be sought only under circumstances due to the special nature of the material or the end item, the method of production, practicability of contractual arrangements, feasibility of usage and yield controls, or emergency situations; i.e., inability of contractor to obtain materials that were originally anticipated to be available through normal commercial channels.

k. Class II Installations awarding contracts to more than one contractor in connection with a Procurement Directive from the Office of The Quartermaster General will not furnish the same materials under the Bailment Method to some contractors and under the Sales Method to other contractors for use in the production of the same end item, with the exception of Subsistence items.

l. Sales of GFE will not be made by Class II Installations except upon specific instructions and approval of the Supply Division, Office of The Quartermaster General.

m. In all instances where the Sales Method is authorized, the administering installation will execute a Sales Contract.

n. Transportation charges on materials furnished by the Bailment Method will be charged to the appropriate War Department appropriation and transportation charges for materials furnished under the Sales Method will be borne by the vendee.

3. RESPONSIBILITIES - It will be the responsibility of Class II Installations contracting for the procurement of any article, in connection with which GFM and/or GFE is furnished to a contractor, to perform all administrative duties necessary to protect the interests of the Government. Broad responsibilities, which will be restated in detail in the sections to follow, are set forth below:

a. The Buying and Production Branch is responsible for:

- (1) Preparation of all contracts, requiring that GFM or GFE be furnished to contractors, which insure effective control and accounting for Government owned property and which involve inclusion of contractual provisions covering material allowances, contractors' liability, excepted perils, shipping schedules of materials and end items, records, reports and certificates required, disposition of scrap, and any other necessary provisions.
- (2) Notifying GFM Branch and the Fiscal Division that reimbursement will be obtained for any GFM or GFE furnished in connection with end-item contracts for which payment is accomplished from other than Quartermaster funds.
- (3) Maintaining liaison with GFM Branch, technicians, and contractors on all problems concerning the establishment and review of material usage factors.
- (4) Promptly supplying the GFM Branch with all data and other assistance necessary to the accomplishment of its mission.
- (5) Determination of contractors' liability, in case of excess usage, loss, damage, or destruction of Government-owned property, in accordance with contractual provisions, on the basis of data furnished by the GFM Branch.
- (6) Assuring that only authorized materials and equipment are furnished to contractors.

b. The Government Furnished Materials Branch is responsible for:

- (1) Planning material requirements.
- (2) Allocating and scheduling shipments of Government-owned property to, and controlling stocks in, contractors' plants.
- (3) Initiating studies on usage of materials to effect close control over material allowances to contractors.

- (4) Accounting for GFM and GFE furnished to contractors and maintaining all necessary records and controls and preparing all reports required by this manual.
- (5) Maintaining close liaison with Buying and Production Branch, Cost and Price Analysis Branch, and Fiscal Division in order to effect the desired control over all transactions involving GFM and GFE.

c. The Cost and Price Analysis Branch is responsible for:

- (1) The internal auditing of GFM and GFE records prescribed by Quartermaster Corps Manual QMC 21-8 to verify that:
  - (a) Closed accounts accurately reflect the proper use of and accountability for GFM and GFE.
  - (b) Established internal controls are properly maintained.
  - (c) Procedures are in accordance with the provisions of this manual.
- (2) Furnishing price data in connection with sales and other charges to contractors.

d. The Fiscal Division is responsible for:

- (1) Billing and collecting for sales of GFM and GFE and for charges covering excess usage, loss, damage and destruction, in accordance with prescribed fiscal procedures.
- (2) Maintaining records pertaining to charges rendered.
- (3) Withholding funds due contractors, when required to protect the Government against possible loss on anticipated claims against contractors arising from transactions involving GFM or GFE, at the request of Buying and Production Branch or GFM Branch.
- (4) Billing and collecting rental fees and other charges in connection with the lease and use of GFE.

e. The Inspection Branch is responsible for:

Rendering assistance required by the Buying and Production Branch or GFM Branch in connection with the control of usage, protection of government property, accomplishment of documents, preparation of Production and Inventory Reports and such other reports as may be required.

4. APPLICATION OF MANUAL - The provisions of this manual apply with equal force to transactions involving both the Bailment and the Sales Method of supply, and to transactions involving materials and equipment supplied to manufacturing activities at Government owned and operated

manufacturing establishments and similar installations. Exceptions are covered in Paragraph 5 below.

5. EXCEPTIONS TO MANUAL - The provisions of this manual are not applicable to:

a. Government property in the possession of contractors for repair, cleaning, renovation or storage except that:

- (1) Materials or equipment furnished to contractors to be consumed or used in the repair, cleaning or renovation of Government-owned property will be considered as GFM or GFE.
- (2) Government property furnished to contractors, part of which is to be cannibalized, to repair or alter the remainder will be considered as GFM.

b. Government property, stored at Government or commercial warehouses under the accountability of a Class II Installation, which is to be overpacked or repacked at location except that:

- (1) In the case of commercial warehouses, packaging and other materials and equipment furnished by the Government will be considered as GFM, and
- (2) In the event that the property to be overpacked or repacked is moved from storage location to a contractor's plant, such property will also be considered as GFM.

c. Green coffee furnished for roasting and grinding, the accounting for which is covered by QMC Manual 23-3, July 1945, Section IV.

d. Medals furnished to contractors for engraving, the accounting for which is covered by QMC Circular No. 7, 14 May 1946, entitled Property Accounting Procedures.

e. Material and equipment furnished to contractors for tests and experimentation which are consumed or rendered unserviceable as a result thereof. Accounting for such material or equipment is covered by W.D. Memorandum No. 35-6520-1, dated 20 September 1946.

## SECTION II - ORGANIZATION OF GFM BRANCH

6. ORGANIZATION - Exhibit "A" represents a model organization chart for a GFM Branch. The type of GFM and GFE required to be furnished contractors and the work volume of a particular installation may require a modified local application of this organization. The functions of the various sub-divisions of the model GFM branch will be fully developed in the sections to follow.

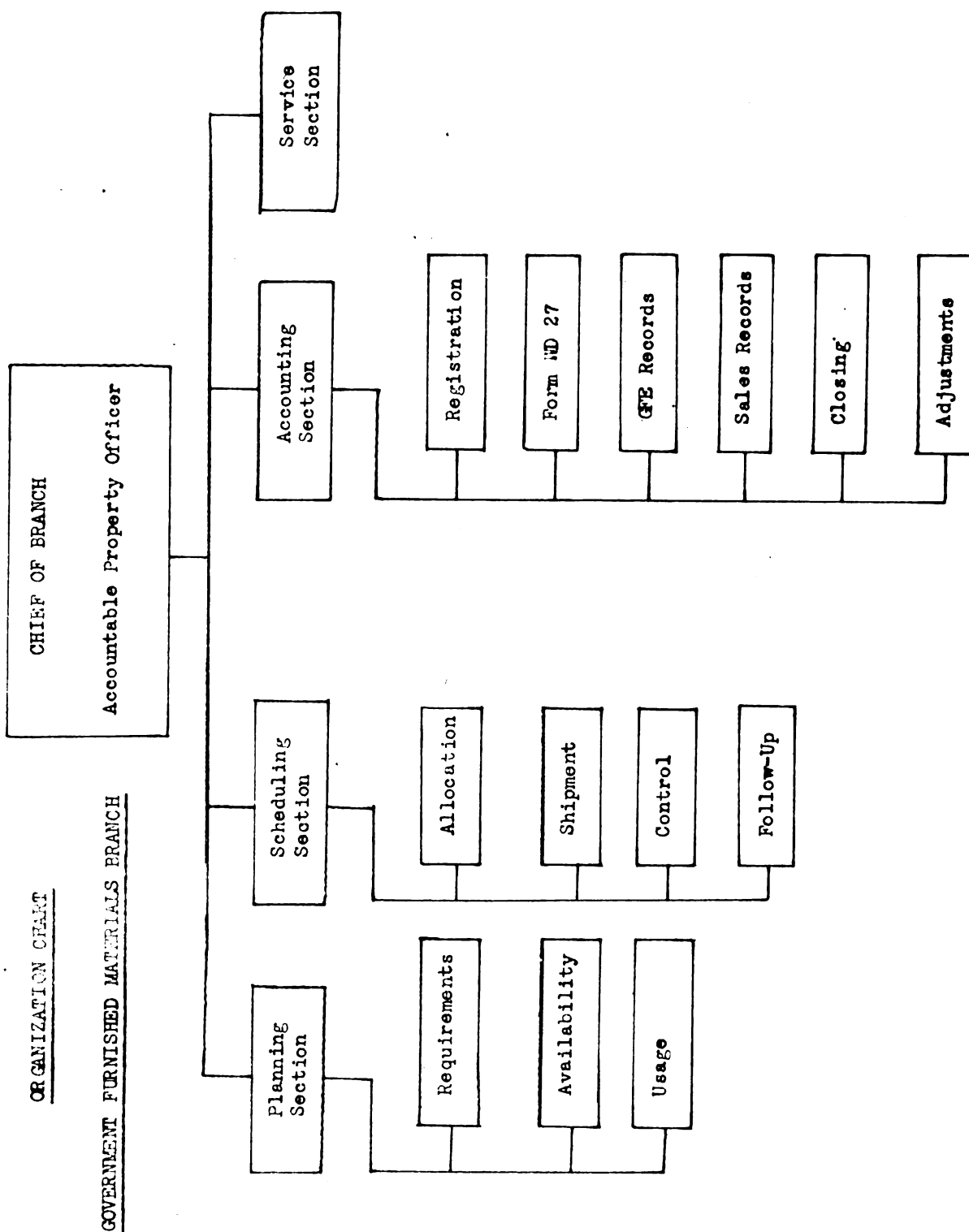
7. ESTABLISHMENT OF GFM BRANCH - The Procurement Division in each Class II Installation will establish a GFM organization adequate to accomplish GFM functions. If the amount of work is relatively light, a unit smaller than a branch will be established.

8. APPOINTMENT OF BRANCH CHIEF - The Chief of the GFM Branch, Procurement Division, of each installation will be designated as the Accountable Property Officer for all GFM and GFE furnished to contractors in accordance with contractual provisions of contracts administered by the installation. Contracting officers and individuals connected with the audit of GFM accounts will not be designated as GFM Accountable Property Officers.

### 9. IDENTIFICATION OF PROPERTY ACCOUNTS

a. Property account numbers required in accordance with provisions of AR 35-6520 will be assigned to accounts of GFM and GFE maintained on WD Form 27 or similar records. One serial number will be assigned to cover all accounts maintained at an installation by one accountable officer.

b. Accountable Property Officers responsible for the maintenance of records of GFM and GFE will apply to the Fiscal Director of the respective Army Area Headquarters for the assignment of property account numbers.



### SECTION III - ESSENTIAL MATERIALS AND EQUIPMENT

#### 10. ASSIGNMENT OF RESPONSIBILITIES

- a. The Buying and Production Branch is responsible for:
  - (1) Contracting to furnish only those items approved on the Authorized List of Essential Materials, or those items covered in Paragraph 15 as non-essential materials permitted to be furnished to contractors.
  - (2) Obtaining approval through the GFM Branch to furnish GFM not on the essential list or permitted under provisions applicable to non-essential materials.
  - (3) Obtaining approval through GFM Branch to sell GFE.
  - (4) Procuring only GFM or GFE items authorized as essential.
- b. The GFM Branch is responsible for:
  - (1) Obtaining approval to furnish items not on the essential list or permitted under provisions applicable to non-essential materials, as requested by Buying and Production Branch.
  - (2) Obtaining approval to sell GFE, when requested by Buying and Production Branch.
  - (3) Checking bids, awards, contracts, sales agreements, etc. to verify that all GFM and GFE involved thereon has been properly authorized.
  - (4) Recommending additions to and deletions from the Authorized List of Essential Materials when deemed warranted.
  - (5) Maintaining accountable records on end item contracts involving the furnishing of all essential or non-essential materials and equipment by the Bailment Method.

11. AUTHORIZED LIST OF ESSENTIAL MATERIALS - An Authorized List of Essential Materials to be furnished to contractors under the Bailment Method and/or the Sales Method is compiled and published by the Office of The Quartermaster General. This list includes the stock number and nomenclature of each authorized material and indicates (1) the Class II Installation authorized to furnish, procure and/or schedule, and (2) related end items to which authorized materials are applicable. Amendment of this list is the responsibility of the Office of The Quartermaster General.

12. PROCUREMENT OF ESSENTIAL MATERIALS - The Buying and Production Branch of a Class II Installation will not originate any Quartermaster Corps contracts which authorize materials, not listed in the authorized List of Essential Materials published by the Office of The Quartermaster General and not covered by Paragraph 1-g, to be furnished to contractors as GFM, or procured for stock, except when specific authority has been obtained from the Office of The Quartermaster General. Requests for approval for the procurement and the furnishing of items not contained



in the Authorized List of Essential Materials, and not covered by Paragraph 1-g, will be submitted to the GFM Branch of the installation. All copies of contracts received by the GFM Branch will be verified to determine that all GFM and/or GFM has been properly authorized.

#### 13. ADDITIONS TO THE AUTHORIZED LIST OF ESSENTIAL MATERIALS.

a. When the Buying and Production Branch desires to furnish as GFM materials not included in the Authorized List of Essential Materials and not permitted to be furnished to contractors under provisions applicable to non-essential materials, the GFM Branch will be requested to obtain approval from the Office of The Quartermaster General. In order to obtain this approval the GFM Branch will submit a request on QMC Form 1061 (Exhibit "B"), in triplicate, to the Office of The Quartermaster General, Supply Division. Each material proposed for inclusion in the Authorized List of Essential Materials will be submitted separately. Requests for additions to the Authorized List of Essential Materials may be initiated by the GFM Branch when circumstances warrant.

b. Submission of a request on QMC Form 1061 does not constitute authorization to furnish the material to contractors until written approval is received from the Office of The Quartermaster General. The approval or disapproval will be indicated on one copy of Form 1061 and returned to the installation concerned. Emergency requests may be cleared with the Office of The Quartermaster General by wire or telephone and confirmed by submission of Form 1061.

#### 14. DELETIONS FROM THE AUTHORIZED LIST OF ESSENTIAL MATERIALS

a. Recommendations for deletions from the Authorized List of Essential Materials may be requested by the Buying and Production Branch, or may be originated by the GFM Branch when circumstances warrant. Such recommendations, in either event, will be submitted by letter to the Office of The Quartermaster General, Supply Division, and include the following information:

- (1) A statement that the factors used as a basis for determining the material to be essential no longer exist.
- (2) Recommendations of the installation regarding disposal of any unobligated balances.

b. When a material is approved for deletion from the Authorized List, the GFM Branch of the contracting installation will inform all interested Contracting Officers, and they, in turn, will notify contractors of the deletion and the anticipated date of depletion of Government stocks of such materials, in order to provide adequate lead time for contractors to procure their own materials.

c. A monthly review of the Authorized List will be made by the GFM Branch with the collaboration of the Buying and Production Branch and

all items no longer classifiable as essential will be recommended for deletion and subsequently reported in accordance with instructions contained in Paragraph 96, Section B.

**15. NON-ESSENTIAL MATERIALS PERMITTED FOR FURNISHING TO CONTRACTORS**

a. The furnishing to contractors of materials classed as non-essential is subject to the following rules:

- (1) Materials Formerly Furnished. Materials formerly furnished to contractors but presently not classed as essential, as indicated by the Authorized List of Essential Materials, will continue to be furnished to contractors until present stocks are depleted.
- (2) Excess Materials. Quantities of materials in excess of authorized stock levels may be furnished to contractors with approval of the Office of The Quartermaster General.
- (3) Normal Stocks. Materials stored at installations within the established stock levels may be furnished to contractors only in emergency cases and with the approval of the Office of The Quartermaster General.
- (4) Overpacking Contracts. In cases where shortages occur in packing facilities of an installation or its contractors, end items may be furnished to contractors for overpacking where the action is essential to expediting production and distribution. This does not apply to assembly of such end items as emergency rations from components and books, which will be furnished only if included on the Authorized List.
- (5) Packing Materials. Packing Materials will be furnished to contractors only in emergency cases upon the approval of the Supply Division, Office of The Quartermaster General.
  - (a) Requests for approval will be accompanied by a statement from the contracting officer certifying that stocks are not available on the open market and that furnishing of the materials by the Government is essential as an emergency measure.

b. Approval to furnish non-essential materials required by Paragraphs 15a(2), (3), and (5) above will be requested from the Supply Division, OQMG, by letter or wire and QMC Form 1061 will not be used.

**16. APPROVAL TO FURNISH NON-ESSENTIAL GFM ITEMS**

a. All requests from Class II Installations for approval to furnish an item, not listed in the Authorized List of Essential Items nor otherwise covered by the provisions of this manual, to contractors as GFM will be received by the Procurement Policy Branch, Supply Division, Office of The Quartermaster General. The responsibility for the approval or disapproval of such requests is the responsibility of the following:

- (1) Subsistence Branch, Supply Division, for subsistence items.
- (2) Fuels & Lubricants Branch, Supply Division, for fuels and lubricant items.
- (3) Field Service Division, Depot Operations Branch, for packing items.
- (4) Procurement Policy Branch, for all other items.

b. The Buying and Production Branch of a Class II Installation will not enter into any contract or agreement specifying the furnishing of an unauthorized GFM item prior to obtaining approval of the item from the Office of The Quartermaster General.

#### 17. GOVERNMENT FURNISHED EQUIPMENT

a. Due to the varied and special nature of Essential Equipment, as defined in Paragraph 1-b of this manual, a list of such equipment authorized to be furnished to contractors under the Bailment Method and/or the Sales Method will not be published.

b. The Buying and Production Branch of a Class II Installation will not originate a Quartermaster Corps contract which authorizes equipment, other than Essential Equipment defined in Paragraph 1, to be furnished to contractors as GFE.

c. In those instances when the Buying and Production Branch desires to sell Essential Equipment to contractors, the GFM Branch will be requested to obtain approval for the sale from the Office of The Quartermaster General.

d. Approval or disapproval of sales of GFE is the responsibility of the Supply Division, Procurement Policy Branch, Office of The Quartermaster General and under no circumstances will sales of Essential Equipment be made to contractors without specific authority. The Military Planning Division of the Office of The Quartermaster General will be informed of all approvals granted.

|                                                                                                                                                                                                                                                                             |              |                      |                                                        |                                                  |                                             |                                      |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|----------------------|--------------------------------------------------------|--------------------------------------------------|---------------------------------------------|--------------------------------------|--|
| <b>REQUEST FOR<br/>INCLUSION OF MATERIAL IN AUTHORIZED<br/>LIST OF GOVERNMENT FURNISHED MATERIAL</b>                                                                                                                                                                        |              |                      |                                                        | DEPOT                                            |                                             | DATE                                 |  |
|                                                                                                                                                                                                                                                                             |              |                      |                                                        | NOMENCLATURE OF PROPOSED MATERIAL                |                                             |                                      |  |
|                                                                                                                                                                                                                                                                             |              |                      |                                                        | STOCK NUMBER                                     |                                             | UNIT                                 |  |
| <b>RECOMMENDATION</b><br>LIST RELATED ITEMS PROPOSED MATERIAL IS TO BE USED FOR<br>IF FOR ANY REASON ANY COLUMN CANNOT BE FILLED IN EXPLAIN                                                                                                                                 |              |                      |                                                        |                                                  |                                             |                                      |  |
| END<br>ITEM<br>NO.                                                                                                                                                                                                                                                          | STOCK NUMBER | NOMENCLATURE         | QUANTITY OF END<br>ITEMS TO BE PRO-<br>CURED FOR YEAR* | ESTIMATED<br>UNIT<br>ALLOWANCE                   | TOTAL GFM<br>UNITS<br>REQUIRED<br>FOR YEAR* | PROCUREMENT<br>DIRECTIVE<br>NUMBER   |  |
| 1                                                                                                                                                                                                                                                                           |              |                      |                                                        |                                                  |                                             |                                      |  |
| 2                                                                                                                                                                                                                                                                           |              |                      |                                                        |                                                  |                                             |                                      |  |
| 3                                                                                                                                                                                                                                                                           |              |                      |                                                        |                                                  |                                             |                                      |  |
| 4                                                                                                                                                                                                                                                                           |              |                      |                                                        |                                                  |                                             |                                      |  |
| 5                                                                                                                                                                                                                                                                           |              |                      |                                                        |                                                  |                                             |                                      |  |
| 6                                                                                                                                                                                                                                                                           |              |                      |                                                        |                                                  |                                             |                                      |  |
| HAS THE MATERIAL BEEN FURNISHED BY THE GOVERNMENT IN THE PAST? <input type="checkbox"/> YES <input type="checkbox"/> NO<br>WHY IS THE FURNISHING OF THE ABOVE MATERIAL INDISPENSABLE TO THE QUARTERMASTER MISSION OF SUPPLY IN ACCORDANCE WITH<br>SECTION 1, PARAGRAPH 1 g? |              |                      |                                                        |                                                  |                                             |                                      |  |
| WHAT STEPS WERE TAKEN TO ASCERTAIN WHETHER OR NOT CONTRACTOR COULD OBTAIN MATERIALS, ON OWN ACCOUNT, DIRECT FROM<br>SUPPLIER? (Explain)                                                                                                                                     |              |                      |                                                        |                                                  |                                             |                                      |  |
| * IF REQUEST IS FOR ONE DIRECTIVE, STATE QUANTITY FOR<br>DIRECTIVE ONLY, AND PROCUREMENT DIRECTIVE NUMBER.                                                                                                                                                                  |              |                      |                                                        | SIGNATURE (Name and Grade)                       |                                             |                                      |  |
| <b>OQMG APPROVAL - TO BE FILLED OUT BY THE OFFICE OF THE QUARTERMASTER GENERAL</b>                                                                                                                                                                                          |              |                      |                                                        |                                                  |                                             |                                      |  |
| RECOMMENDATION OF PROCUREMENT POLICY BRANCH <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED <i>State Reasons Below:</i>                                                                                                                              |              |                      |                                                        |                                                  |                                             |                                      |  |
| CLEARANCES RECEIVED FROM                                                                                                                                                                                                                                                    |              |                      |                                                        | RESPONSIBILITY FOR FAB-<br>RICATING REQUIREMENTS |                                             | FOR THE DIRECTOR OF SUPPLY DIVISION: |  |
|                                                                                                                                                                                                                                                                             |              |                      |                                                        |                                                  |                                             |                                      |  |
| DIV.                                                                                                                                                                                                                                                                        |              |                      |                                                        |                                                  |                                             |                                      |  |
| DATE                                                                                                                                                                                                                                                                        |              |                      |                                                        |                                                  |                                             |                                      |  |
| <b>ASSIGNMENT OF RESPONSIBILITIES</b>                                                                                                                                                                                                                                       |              |                      |                                                        |                                                  |                                             |                                      |  |
| SUPPLY DIVISION                                                                                                                                                                                                                                                             | FOR PURCHASE | FOR SUPPLY<br>OF GFM | FOR OTHER<br>USES                                      | DEPOTS RESPONSIBLE FOR GFM SUPPLY                |                                             |                                      |  |
|                                                                                                                                                                                                                                                                             |              |                      |                                                        | NAME                                             | STOCK LEVEL (Days)                          |                                      |  |
| PROCUREMENT POLICY<br>BRANCH                                                                                                                                                                                                                                                |              |                      |                                                        |                                                  |                                             |                                      |  |
| SUBSISTENCE<br>BRANCH                                                                                                                                                                                                                                                       |              |                      |                                                        |                                                  |                                             |                                      |  |
| FUELS & LUBRICANTS<br>BRANCH                                                                                                                                                                                                                                                |              |                      |                                                        |                                                  |                                             |                                      |  |
| GENERAL SUPPLIES<br>BRANCH                                                                                                                                                                                                                                                  |              |                      |                                                        |                                                  |                                             |                                      |  |
| CLOTHING & EQUIPAGE<br>BRANCH                                                                                                                                                                                                                                               |              |                      |                                                        |                                                  |                                             |                                      |  |

OQMG FORM  
REV 10 FEB 47 **1061**

PREVIOUS EDITIONS OF THIS  
FORM ARE OBSOLETE

3.05

| DETERMINATION OF ESSENTIALITY OF MATERIAL FOR INCLUSION IN GFM LIST                                                                                                                                                                                                                                         |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|---|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|--|--|--|--|
| IF RECOMMENDATION FOR INCLUSION IS BASED ON INADEQUATE AVAILABILITY, CHECK THIS SECTION <input type="checkbox"/>                                                                                                                                                                                            |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| NUMBER OF CONTRACTORS INVOLVED?                                                                                                                                                                                                                                                                             |   |   |   |   |   | HAVE POSSIBLE SUBSTITUTIONS BEEN DEDUCTED FROM NEEDS?                                                                                                                                         |  |  |  |  |  |
| THIS NUMBER INCLUDES SMALLER WAR PLANTS <input type="checkbox"/> YES <input type="checkbox"/> NO                                                                                                                                                                                                            |   |   |   |   |   | <input type="checkbox"/> YES <input type="checkbox"/> NO IF YES STATE %                                                                                                                       |  |  |  |  |  |
| NUMBER OF CONTRACTORS CLAIMING INABILITY TO OBTAIN THE MATERIAL.                                                                                                                                                                                                                                            |   |   |   |   |   | DOES THE END ITEM CONTAIN ANY MATERIAL FOR WHICH THERE ARE NO ESTABLISHED SOURCES OF SUPPLY? <input type="checkbox"/> YES <input type="checkbox"/> NO                                         |  |  |  |  |  |
| NUMBER OF VENDORS MAKING THE MATERIAL                                                                                                                                                                                                                                                                       |   |   |   |   |   | IF SO ARE ANY DIES OR MOLDS THE MAIN REASON FOR IN-ADEQUATE AVAILABILITY?                                                                                                                     |  |  |  |  |  |
| HAVE LISTS OF SOURCES OF SUPPLY BEEN MADE AVAILABLE TO END ITEM FABRICATORS? <input type="checkbox"/> YES <input type="checkbox"/> NO                                                                                                                                                                       |   |   |   |   |   | <input type="checkbox"/> YES <input type="checkbox"/> NO                                                                                                                                      |  |  |  |  |  |
| IF SOURCE OF SUPPLY EXISTS, WHY ARE THE FABRICATORS INADEQUATELY SUPPLIED? (Give Reasons)                                                                                                                                                                                                                   |   |   |   |   |   | IS IT CONTEMPLATED THAT THE MATERIAL MAY BE FURNISHED BY THE CONTRACTOR AFTER SOURCES OF SUPPLY HAVE BEEN ESTABLISHED BY THE DEPOT? <input type="checkbox"/> YES <input type="checkbox"/> NO  |  |  |  |  |  |
|                                                                                                                                                                                                                                                                                                             |   |   |   |   |   | FOR HOW MANY MONTHS SHOULD THE MATERIAL BE FURNISHED BY THE GOVERNMENT?                                                                                                                       |  |  |  |  |  |
| IS THE SUPPLY OF THE MATERIAL IN THE INDUSTRY SUFFICIENT TO MEET QUARTERMASTER NEEDS, AS WELL AS THOSE OF OTHER WAR AGENCIES? <input type="checkbox"/> YES <input type="checkbox"/> NO                                                                                                                      |   |   |   |   |   | DO CONTRACTORS HAVE SUFFICIENT LEAD TIME ON CONTRACTS COVERING THE END ITEMS INVOLVED, TO ALLOW THEM TO FURNISH THEIR OWN MATERIALS? <input type="checkbox"/> YES <input type="checkbox"/> NO |  |  |  |  |  |
| WHAT IS THE ESTIMATED SHORTAGE IN PERCENT TO NEEDS? %                                                                                                                                                                                                                                                       |   |   |   |   |   | WHAT LEAD TIME IS NEEDED FOR MAKING AVAILABLE NECESSARY QUANTITIES OF THE MATERIAL BY<br>Depot CONTRACTOR                                                                                     |  |  |  |  |  |
| OTHER REASONS                                                                                                                                                                                                                                                                                               |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
|                                                                                                                                                                                                                                                                                                             |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| IF RECOMMENDATION FOR INCLUSION IS BASED ON DIFFERENCES IN PRIORITY, CHECK THIS SECTION <input type="checkbox"/>                                                                                                                                                                                            |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| WHAT PRIORITY RATING HAS BEEN GRANTED BY WPB TO DEPOT CONTRACTORS                                                                                                                                                                                                                                           |   |   |   |   |   | WHAT MEASURES HAVE BEEN TAKEN TO PROVIDE THE DEPOT CONTRACTOR WITH THE PRIORITY RATING FOR QMC?                                                                                               |  |  |  |  |  |
| WILL PRODUCTION BE JEOPARDIZED IF MATERIAL IS NOT FURNISHED BY THE GOVERNMENT? <input type="checkbox"/> YES <input type="checkbox"/> NO                                                                                                                                                                     |   |   |   |   |   | WHAT ARE THE RESULTS OF MEASURES TAKEN?                                                                                                                                                       |  |  |  |  |  |
| OTHER REASONS                                                                                                                                                                                                                                                                                               |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
|                                                                                                                                                                                                                                                                                                             |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| IF RECOMMENDATION IS BASED UPON CONTROL OF UNIFORM QUALITY, CHECK THIS SECTION <input type="checkbox"/>                                                                                                                                                                                                     |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| NUMBER OF SUPPLIERS MAKING THE ITEM                                                                                                                                                                                                                                                                         |   |   |   |   |   | CAN UNIFORMITY BE PRACTICALLY CONTROLLED THROUGH TIGHT INSPECTION?                                                                                                                            |  |  |  |  |  |
| DOES THE LACK OF UNIFORM QUANTITY INTERFERE WITH MILITARY CHARACTERISTICS? <input type="checkbox"/> YES <input type="checkbox"/> NO                                                                                                                                                                         |   |   |   |   |   | <input type="checkbox"/> YES <input type="checkbox"/> NO                                                                                                                                      |  |  |  |  |  |
| IN WHAT RESPECTS ARE THE MILITARY CHARACTERISTICS INJURED?                                                                                                                                                                                                                                                  |   |   |   |   |   | IF NOT, WHY (Specify Reasons)                                                                                                                                                                 |  |  |  |  |  |
| INDICATE THE NUMBER OF END ITEMS WHOSE MILITARY CHARACTERISTICS ARE INJURED BY THE LACK OF UNIFORM QUALITY. (Ref. Par. 1a, to End Item Numbers)                                                                                                                                                             |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| 1                                                                                                                                                                                                                                                                                                           | 2 | 3 | 4 | 5 | 6 | OTHER REASONS                                                                                                                                                                                 |  |  |  |  |  |
|                                                                                                                                                                                                                                                                                                             |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| IF RECOMMENDATION IS BASED ON SAVINGS IN COSTS, CHECK THIS SECTION <input type="checkbox"/>                                                                                                                                                                                                                 |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| REFERENCE TO END ITEM NUMBERS (See Par. 1A)                                                                                                                                                                                                                                                                 |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| WHAT WILL BE THE COST TO THE GOVERNMENT OF THE QUANTITY OF THE MATERIAL TO BE USED IN THE END ITEM? (Obtain cost by extending the authorized allowance per end item by the price to the supplier, increased by 15% to cover freight, inspection and other administrative services.)                         |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| WHAT AMOUNT WILL BE DEDUCTED FROM THE CONTRACT PRICE PER END ITEM, IF THE MATERIAL IS FURNISHED BY THE GOVERNMENT? (This figure will be obtained by deducting the price of the end item with Government Furnished Material from the price of the end item, including material furnished by the Contractor?) |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| DEVIATION FROM MINIMUM 15% SAVING                                                                                                                                                                                                                                                                           |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| AMOUNT OVER                                                                                                                                                                                                                                                                                                 |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| UNDER                                                                                                                                                                                                                                                                                                       |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| PERCENT OVER                                                                                                                                                                                                                                                                                                |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |
| UNDER                                                                                                                                                                                                                                                                                                       |   |   |   |   |   |                                                                                                                                                                                               |  |  |  |  |  |

## SECTION IV - CONTROL OF USAGE

### 18. ASSIGNMENT OF RESPONSIBILITIES

#### a. The Buying and Production Branch is responsible for:

- (1) Inserting in all contracts a provision which sets forth the allowance of each item of GFM per unit of production.
- (2) Collaborating with the GFM Branch in a continuing program to revise unit allowances with the object of obtaining for the government a maximum return on all GFM put into production.
- (3) Limiting the quantity of GFM sold to contractors on the basis of recommendations made by the GFM Branch.

#### b. The GFM Branch is responsible for:

- (1) Verifying that all bids, contracts, awards, agreements, etc. contain provisions covering unit allowances for all GFM to be furnished thereunder.
- (2) Maintaining a file of Bills of Materials covering all end items involving GFM and assuring that unit allowances stated therein are current and represent the minimum required to produce the desired end item.
- (3) Conducting continuous studies, on a directive basis, of material usage by contracts.
- (4) Developing recommendations, to be acted upon by the Buying and Production Branch, for revisions of existing allowances on the basis of data derived from usage studies and other sources.
- (5) Checking quantities of GFM to be sold to contractors in relation to the quantity of end item to be produced therefrom and making recommendations to the Buying and Production Branch accordingly.
- (6) Reporting extent of usage studies monthly to the Office of The Quartermaster General as required by Section X, Para. 96, Section C.

#### c. The Inspection Branch is responsible for:

- (1) Observing manufacturing and assembling operations in contractors' plants and determining that maximum return on raw materials or components is being accomplished.
- (2) Instructing contractors in ways and means of obtaining maximum yield from material.
- (3) Reporting inefficient and wasteful practices to Contracting Officers.

19. PRODUCTION USAGE CONTROL - The Buying and Production Branch will collaborate with the GFM Branch on a continuing program for the purpose of revising unit allowances of GFM required in the production of each end item to be procured, under the Bailment Method and the Sales Method, with the object of obtaining for the Government a maximum return of all GFM put into



production. As a minimum requirement, a review of usage factors on each Government furnished material for each active end item will be made at least once each quarter.

## 20. ESTABLISHING UNIT ALLOWANCES.

a. The Commanding Officer of the installation will designate a group of individuals, or a division of the installation, as responsible for the determination of unit allowance of GFM to be furnished to contractors in connection with the procurement of an end item for which GFM had not been previously authorized or allowances established.

b. A procedure will be set up in the GFM Branch to provide a continuous review of material usage on a current directive basis, which will give effect to most recent specifications. As each GFM contract is closed, the actual usage of all GFM will be determined. A recapitulation sheet will be set up for each directive giving, as a minimum, the following information for each contract and each material:

- (1) Gross allowance per contract.
- (2) Actual gross usage.
- (3) Amount by which actual usage exceeds or is less than authorized allowance.
- (4) Percentage that (3) is of (1).

c. Results of usage studies will be analyzed by the GFM Branch to determine whether unit allowances should be revised. On the basis of such analysis, a recommendation for revision of unit allowances to be authorized in subsequent contracts will be made to the Buying and Production Branch. Abnormal savings or excessive usage revealed by usage studies will be discounted in preparing recommendations for revision of usage allowance. When scrap or other manufacturing residue is of significant value, data reflecting the standing of contractors in this respect should also be added to the analysis, as this may be an important factor in the consideration of relative efficiency.

d. The GFM Branch will review periodically the actual experience in material usage of GFM for each end item, on a Procurement Directive basis, and will recommend to the Buying and Production Branch, when circumstances warrant, the revision of unit allowances. When there is a variation of five percent (5%) or over, between the established unit allowance and the actual usage, a revision in the unit allowance will be recommended.

e. In the case of textiles or other yard goods supplied in varying widths, unit allowances will be established for each separate width or for a reasonable range of widths. Likewise when end item production is based on a tariff of sizes, unit allowances will be determined for each size or a reasonable range of sizes.

f. In addition to the establishment of unit allowances on the basis of past experience, any data that can be obtained from (1) engineering studies (2) technical knowledge and/or (3) commercial charts or tables should be used to the fullest extent possible.

## 21. REDUCTION OF CONTRACTUAL ALLOWANCES

a. In the case of current procurement, when it is not possible immediately to revise the unit allowances for GFM items to be furnished to a contractor, but a reduction in allowances is warranted, this will be accomplished by contractual provision which provides for a flat percentage reduction of gross allowance calculated on the basis of allowance tables or schedules included in the contract.

b. When savings from established allowances are anticipated but cannot be reflected in advance by authorized reductions, the GFM Branch, with the concurrence of the Buying and Production Branch, will withhold from scheduled shipments of GFM during the early stages of production a percentage of the total amount of GFM required by the contract. This material will not be released to the contractor by the GFM Branch except upon specific request from the contractor approved by the Buying and Production Branch.

## 22. BILLS OF MATERIALS.

a. The GFM Branch will maintain a file of Bills of Materials covering all end items involving GFM, which will reflect at all times the currently authorized unit allowances, representing the minimum required to produce the desired end item, as determined by usage studies.

b. When changes in unit allowances are approved, the GFM Branch will check newly issued Bills of Material to ascertain that all changes are reflected and when necessary will take action to effect corrections.

c. Recommendations from the GFM Branch for revision of unit allowances will not be reflected in Bills of Material until approved by the Buying and Production Branch. Disapproved recommendations for revision of allowances, with reasons of the Buying and Production Branch for disapproval, will be filed with the pertinent Bills of Material.

## 23. CONTRACTUAL PROVISIONS ON ALLOWANCES.

a. The Buying and Production Branch will include provisions in all GFM contracts which set forth the quantity of GFM allowed for each unit of production. This allowance will be based on the authorized allowance reflected in the current Bills of Material maintained by the GFM Branch.

b. The GFM Branch will verify all contracts for inclusion of unit allowances and correctness thereof and will report all discrepancies to the Buying and Production Branch for necessary action.

c. On cut-make and trim end-item contracts, the contract will include an article whereby the contractor will be required to submit periodic reports covering cuttings of the principal items of GFM.



**24. CONTROL OF USAGE THROUGH INSPECTION.**

Government inspectors stationed at end item contractors' plants will be instructed to observe methods employed in cutting, assembling and other processes for the purpose of determining that Government owned materials are not misused. Any apparent misuse of materials will be brought to the attention of the contractor for immediate correction of deficiencies in production. Report of such action will be made to the Buying and Production Branch.

**25. USAGE ALLOWANCE ON SALES CONTRACTS.**

a. The usage allowances established for materials furnished to contractors under the Bailment Method will be similarly applied to materials furnished under the Sales Method. The Buying and Production Branch, upon receipt of a request from a contractor to purchase GFM, will request information from the GFM Branch as to the authorized allowances for each GFM item in the production of a particular end item. Based on the information furnished by the GFM Branch, quantities requested by the contractor will be checked by the Buying and Production Branch, against the quantity of end items to be produced.

b. Each sales contract will specify the end item contract in connection with which the material is to be used and will contain an option allowing the Government to repurchase unused materials at prices specified in the sales contract.

## SECTION V - PLANNING

### 26. ASSIGNMENT OF RESPONSIBILITIES

a. The Buying and Production Branch is responsible for:

- (1) Furnishing the Planning Section with copies of bids, awards, contracts, agreements and such other data as may be required.
- (2) Preparing contracts for repurchase of GFM sold in excess of requirements.

b. The GFM Branch is responsible for:

- (1) Ascertaining that an adequate procedure has been established so that Procurement Directives or Purchase Orders, when Procurement Directives are not used, will be received and registered by the GFM Branch for:
  - (a) All procurement of GFM and GFL.
  - (b) All procurement of end items involving GFM or GFL.
- (2) Determining material requirements on the basis of end item directives or Purchase Orders.
- (3) Utilizing inactive or surplus GFM stocks making such substitutions and interchanges as circumstances warrant and as are authorized.
- (4) Forwarding GFM requirements to buying units or shipping installations as advance notice to make available such material for shipment on subsequent specific instructions.
- (5) Coordinating anticipated requirements for GFM where identical items are stocked for issue to meet military as opposed to contractor requirements.
- (6) Calculating requirements of GFM (for which Master Production Schedules are not prepared by the Office of The Quartermaster General) and preparing summary of the consolidated monthly and annual requirements for each such material.
- (7) Maintaining records reflecting current availability of GFM.
- (8) Determining whether or not the option to repurchase material, sold to a contractor but unused at completion of the contract, should be exercised, and arranging with contracting officers to prepare contract or purchase order if option is exercised.
- (9) Consolidating requirements of all other requisitioning agencies with own requirements and initiating replenishment action as necessary through local Purchase Request or Directive obtained from the Office of The Quartermaster General.

- (10) Reviewing and making recommendations as to depot stock levels and disposal levels of GFM at storage installations within the policies established by the Office of The Quartermaster General. On GFE such as baling machines or similar items, where the items are not stocked solely for supply to contractors, stock levels may be established to assure availability to meet contractors' and distribution requirements.

## 27. ORGANIZATION OF PLANNING SECTION.

The Planning Section of a model GFM organization, Exhibit "A", provides for three operating units as follows:

### a. Requirements unit, which will:

- (1) Register and review directives.
- (2) Determine GFM to be supplied and make approved substitutions, if necessary.
- (3) Calculate material requirements necessary to obtain desired end item production.
- (4) Maintain current file on Authorized List of Essential Materials and perform functions necessary under provisions of Section III of this manual.
- (5) Prepare advance requisitions to be supplied by own or other installations.
- (6) Make recommendations as to stock levels and disposal levels of GFM in storage installations.

### b. Availability unit, which will:

- (1) Maintain records reflecting stocks available for obligation and/or copies of current EAM reports.
- (2) Determine replenishment action and issue Purchase Request or contact Office of The Quartermaster General to initiate Procurement Directives when necessary.
- (3) Consolidate requirements of own and other installations.
- (4) Schedule material requirements when scheduling responsibility rests with the installation.

c. Usage unit, which will perform functions covered by Section IV of this manual.

## 28. PROCUREMENT AND PLANNING OF GFM.

a. The Buying and Production Branch of the installation having procurement and supply responsibility for a GFM item will be responsible for the procurement of all requirements of such material when the item is:

- (1) Reflected in the Authorized List of Essential Materials as published by the Office of The Quartermaster General.
- (2) Included within the provisions of paragraph 15a(1) and (2) of this manual.

b. The Planning Section of the GFM Branch of an installation not having procurement and supply responsibility for a GFM item will forward GFM requirements to the GFM Branch of the procuring installation as advance notice to make available such materials for shipment on subsequent specific instructions. When such requirements include items to be furnished as GFM which are not covered by the provisions of Paragraph a (1) and (2) above, authority to furnish such items as GFM will be obtained from OQMG, prior to forwarding requirements to the procuring installation.

c. The Buying and Production Branch of the procuring installation will furnish the Planning Section, GFM Branch of that installation with copies of bids, awards, contracts, agreements and such other data as may be necessary to properly plan GFM requirements. The Planning Section will ascertain that an adequate procedure is developed whereby Procurement Directives, or Purchase Orders, when Procurement Directives are not used, will be furnished and registered for:

- (1) All procurement of GFM and GFE.
- (2) All procurement of end items requiring the furnishing of GFM or GFE.

d. The Planning Section, GFM Branch, will determine the material requirements on the basis of end-item Procurement Directives or Purchase Orders, plus the requirements of other installations, furnished in accordance with Paragraph b above. The Planning Section, upon receipt of the requirements of another installation, will consider that the requisitioning depot has obtained authorization to furnish the materials as GFM. In determining the over-all requirements of GFM, consideration will be given to utilizing inactive or surplus GFM stocks making such substitutions and interchanges as circumstances warrant and as are authorized. Where identical items are stocked by an installation for issue, to meet military as opposed to contractor requirements, coordination of the total requirements of the installation will be effected by the Planning Section.

e. Upon the consolidation of requirements of all other requisitioning agencies with the requirements of the procuring installation, replenishment action as necessary through local Purchase Request or Directive obtained from Office of The Quartermaster General will be effected.

#### 29. SCHEDULING OF REQUIREMENTS OF GFM.

a. When schedules are prepared by the Office of The Quartermaster General, Master Production Schedules for GFM items will be the basis for preparing Master Production Schedules for GFM Procurement Directives. Schedules and Directives issued by the Office of The Quartermaster General will include total requirements of all using installations and no scheduling responsibility rests with the procuring installation.

b. When Master Production Schedules are not prepared by the Office of The Quartermaster General scheduling responsibility rests with the procuring installation. This responsibility will cover the following functions:

- (1) To prepare a schedule for each material required by the installation.
- (2) To consolidate requirements submitted by other installations with those of the Procuring Installation.
- (3) To ascertain prior to publication that total requirements of all using installations have been included in the schedule in accordance with instructions issued by the Office of The Quartermaster General.
- (4) To initiate requests to the Office of The Quartermaster General for scheduling instructions in order to estimate supply and demand with a maximum degree of accuracy.
- (5) To submit recommendations to Procurement Policy Branch, Supply Division, OQMG regarding improvements in scheduling procedures.
- (6) To initiate procurement and maintain stock levels when this function is delegated to the installation by the Office of The Quartermaster General.

### 30. REPURCHASE OF GFM.

The Planning Section will determine whether or not the option to repurchase material, sold to a contractor but unused at completion or termination of the end-item contract, should be exercised and will arrange with the Buying and Production Branch to prepare a contract or purchase order, if this option is exercised.

### 31. STOCK LEVELS OF GFM ITEMS.

The Planning Section will constantly review the requirements of GFM items and will make recommendations as to depot stock levels of materials within the policies established by the Office of The Quartermaster General. On GFE such as baling machines or similar items, where items are not stocked solely for supply to contractors, stock levels may be established to assure availability to meet contractors' and distribution requirements.

### 32. PROCESSING A PROCUREMENT DIRECTIVE.

a. Upon receipt of a Procurement Directive, or Purchase Order, issued in lieu thereof, directing purchase of GFM or GFE, the GFM Branch will register and review the document, ascertaining that the items covered thereunder are authorized for purchase in accordance with the provisions of Section III of this manual. GFM items covered by the directive will be recorded on the availability records if required and GFE items will be referred to the Accounting Section.

b. Upon receipt of a Procurement Directive for end items involving GFM or GFE the GFM Branch will:

- (1) Register and review the document ascertaining that GFM or GFE involved is authorized for furnishing under provisions of Section III of this manual.

- (2) When GFM requested is not available, endeavor to supply substitutions from inactive or surplus stocks in order to accomplish maximum use of such stocks.
- (3) Calculate GFM requirements by applying usage factors, determined in accordance with Section IV of this manual, to end item quantities to be purchased.
- (4) If required, record GFM items in Availability Record. GFE items will be referred to the Accounting Section.
- (5) If the installation procuring the end-item is responsible for the procurement of GFM, refer any necessary replenishment action direct to the Buying and Production Branch, or initiate a request to the Office of The Quartermaster General for a Procurement Directive to cover necessary GFM.
- (6) If the installation procuring the end item is not responsible for procurement of GFM, requisitioning action will be in accordance with Paragraph 28b above. Advance requisition will include the following information:
  - (a) Station requisition number.
  - (b) Stock number and nomenclature of material.
  - (c) Unit of measure.
  - (d) Total quantity required for the directive.
  - (e) Schedule of quantities required by end-item delivery periods.
  - (f) End item directive number.
  - (g) End item and quantity.
  - (h) Name and rank of Accountable Property Officer, and property account number.
  - (i) Lead time (and stock level, if any) upon which the requisition is based, when this information is required by the procuring installation.

### 33. PROCESSING A REQUISITION FROM ANOTHER INSTALLATION

a. Requisitions from other installations for supply of GFM to their end item contractors will be reviewed and approved for issue by the GFM Accountable Property Officer of the procuring installation.

b. Upon receipt of an advance requisition the GFM Branch of the procuring installation will take action as follows:

- (1) Determine that requisition is prepared in accordance with paragraph 32b(6) above.
- (2) Determine that lead time (or stock level) if previously established has been adhered to by the requisitioning installation.
- (3) Determine availability of materials.
- (4) Advise requisitioning installation of availability within forty-eight (48) hours after receipt of advance requisition by notation on action copy of requisition.
- (5) If material is available, GFM Accountable Property Officer will approve and forward the requisition to Stock Control Division.

- (6) If material is not available, consolidate quantity required with all other requirements for the same item, and forward purchase request to Buying and Production Branch or initiate request for a Procurement Directive through the Office of The Quartermaster General.
- (7) Record material obligated on Availability Record, if required.

c. Upon receipt of a shipping requisition, the GFM Branch of the procuring installation will take action as follows:

- (1) Determine that requisition is prepared in accordance with provisions of Section VI, Paragraph 4ld, of this manual.
- (2) Ascertain that applicable advance requisition has been received and appropriate action taken thereon (see Paragraph 28b above).
- (3) Advise the requisitioning depot of receipt of shipping requisition by returning action copy within 48 hours.
- (4) GFM Accountable Property Agent will approve the requisition and forward to:
  - (a) Stock Control Division if supply is to be effected from depot stock.
  - (b) Buying and Production Branch if supply is to be effected direct from GFM contractors' plants.
- (5) Summarize all deliveries made on shipping requisitions and if total differs from the total quantity shown on the applicable advance requisitions, adjust availability record accordingly (see paragraph 33h(7)).

d. If circumstances warrant, procedures covering advance requisition, Paragraph 33h, and shipping requisition, Paragraph 33g, may be combined and the desired result accomplished by issuance of shipping requisition only.

#### 34. AVAILABILITY RECORDS.

a. Availability records will be maintained by the GFM Branch, whenever such records are necessary, to effect adequate planning. The formality and complexity of the availability record will vary in direct ratio to the complexity of the problem. The actual form of the availability record is left to the discretion of the using installation. Typical applications are as follows:

- (1) If all GFM is supplied directly from depot stocks and if replenishment action can be determined upon reasonable stable forward requirements based on Master Production Schedules for end items, then EAM records should be used without any supplementary records being maintained by the GFM Branch.



- (2) If forward requirements are subject to numerous changes and wide fluctuations and/or if end item contractors are supplied the same item partly by direct shipment from manufacturers and partly from stock, it will not be possible to rely solely on EAM records and a formal availability record probably will be necessary. This record will reflect stock on hand, dues-in on awarded contracts, and dues-out to meet end item requirements of awarded contracts and outstanding bids. On hand, plus dues-in less dues-out equals unobligated stock available for future commitments. Availability will be determined by periods that coincide with standard delivery schedules for GFM used in end item contracts. Unobligated stock balances reflected by availability records should be reconciled monthly to EAM records.

## SECTION VI - SCHEDULING

NOTE: Scheduling referred to in this section pertains to shipments of GFM to end item contractors. Scheduling referred to in Section V - Planning pertains to Master Production Schedules.

### 35. ORGANIZATION OF SCHEDULING SECTION

a. The model GFM Organization (Exhibit "A") provides for four (4) operating units as follows:

- (1) Allocations Unit which will (a) allocate materials to storage installations in accordance with past requirements broken down by geographical areas served by selected storage depots, (b) allocate direct shipments from GFM or GFE contractors to end item contractors on the basis of the shortest possible haul, and (c) reallocate shipments when breakdowns in anticipated deliveries cause shortages requiring remedial action.
- (2) Shipments Unit which will (a) initiate requisitions on the Stock Control Division of the administering installation and the GFM Branch of other installations to ship GFM and GFE in accordance with contractual delivery schedules, (b) initiate directly or through Buying and Production Branch the preparation of VSD's to effect shipment direct from GFM or GFE contractors to end item contractors in accordance with contractual delivery schedules, (c) maintain shipment records reflecting scheduled delivery and actual shipments, and (d) initiate VSD's for the transfer of unused GFM and idle GFE to new contractors, other contractors, or to Government storage.
- (3) Control Unit which will (a) collaborate with Buying and Production Branch in setting contractual delivery schedules, (b) review and approve, in collaboration with Buying and Production Branch, contractors' request for changes in delivery schedules, (c) study production cycles and determine model working stock levels of GFM at contractors' plants, (d) review Production and Inventory Reports submitted by contractors and otherwise control the flow of GFM to contractors' plants, (e) settle closed accounts and determine for future application as a control factor actual storage time of GFM, (f) adjust delivery schedules of GFM to conform to changes in contractors' delivery of end items and (g) follow up and expedite delinquent shipments of GFM or GFE.

- (4) Follow-Up Unit which will (a) follow up to insure issuance of requisition and WDS's constituting notice of shipment by supplier and acknowledgment of receipt by end item contractor of GFM or GFE, (b) follow-up to insure issuance of VSD's for notice of shipment copies from supplier and for acknowledgment of receipt of GFM or GFE by end item contractor, and (c) perform such other document follow-up as may be required.

36. ASSIGNMENT OF RESPONSIBILITIES

a. The Buying and Production Branch is responsible for:

- (1) Providing, in contracts for GFM and GFE, realistic end item delivery schedules which the contractor can reasonably expect to achieve thus aiding the GFM Branch in discharging its functions with respect to allocation and control.
- (2) Providing in end item contracts definite delivery schedules of both GFM and end items in such a manner that the amount of material in production at any time in end item contractors' plant will not exceed the established working stock levels.
- (3) Inserting in end item contracts provisions requiring contractor to submit production and inventory reports and such other data as may be required to effect adequate control of material in contractors' plants.
- (4) Approving requests received from contractors for changes in delivery schedules of GFM and/or end items.

b. The GFM Branch is responsible for:

- (1) Allocating GFM to storage points on the basis of geographical requirements or directly from GFM contractors to end item contractors.
- (2) Planning shipments to end item contractors and developing shipping schedules for insertion in GFM and end item contracts.
- (3) Establishing working stock levels of GFM at contractors' plants, giving consideration to factors of the production cycle, delivery schedule of end items, and intransit time.
- (4) Maintaining shipment records of GFM that currently and accurately reflect actual shipments against scheduled shipments and end item deliveries and such other data necessary adequately to control the movement of GFM.

- (5) Approving in collaboration with contracting officer all requests for changes in shipping schedules of GFM and/or end items.
- (6) Periodically reviewing stocks at contractors' plants and making such adjustments in shipping schedules as will maintain stocks at authorized levels.
- (7) Conducting working stock level studies of closed contracts to test applicability of established stock levels and develop revisions suggested by such studies.
- (8) Preparing shipping requisitions and initiating the preparation of VSD's to effect the shipment, transfer, or return of GFM and GFE.
- (9) Authorizing transfer of GFM and GFE between contracts with the same contractor and between contractors. Obtaining approval of contracting officer when required.
- (10) Maintaining a follow-up on shipments to assure expeditious receipt of GFM and GFE by end item contractors.
- (11) Maintaining a follow-up on shipment requisitions and VSD's to insure timely receipt of documents constituting notice of shipment by supplier and receipt by end item contractor.

c. The Inspection Branch is responsible for:

- (1) Checking accuracy of Inventory and Production Reports submitted by contractors.
- (2) Reporting to contracting officer unnecessary accumulation of stocks of material or idle GFE at contractors' plants.
- (3) Checking to assure proper accomplishment of WDSL's and VSD's by contractors.
- (4) Reporting to contracting officer delinquencies in shipments of GFM or GFE which may result in production stoppages.

37. ALLOCATION OF MATERIAL - a. Schedules prepared by the Usage Unit showing actual usage of material by individual end item contractors for each directive will serve as a basis for determining the amount of storage required by any one installation to serve the area assigned to it. (See Section IV of this manual).

b. The allocation of GFM and GFE direct from manufacturer to an end item contractor is considered to be the preferable method of supply, inasmuch as it eliminates double handling, extra transportation costs, and storage costs, and therefore, will be effected where possible.

c. To allocate direct shipments most efficiently, it is necessary that the quantities of materials that all GFM contractors are to supply be known before any allocations are made. In this way full advantage will be taken of the shortest possible haul, and cross hauls eliminated. Contracting officers will assist in the task of allocation by placing awards for GFM as quickly and completely as possible and well in advance of initial shipping dates to end item contractors.



### 38. SHIPPING SCHEDULES -

a. All contracts prepared by the Buying and Production Branch for GFM or GFE will contain provisions which clearly set forth the exact shipping schedule for the materials or equipment covered by the terms of the contract.

b. All contracts prepared by the Buying and Production Branch with end item contractors will contain provisions clearly setting forth the shipping schedules of GFM into contractors' plants and the delivery schedules of completed end items out of contractors' plants.

c. Schedules for shipments of GFM to contractors' plants will be in direct ratio to the shipping schedules for the completed end items. In determining these schedules, consideration will be given to the lead time established to maintain authorized working stock levels.

d. To implement control of GFM and to simplify allocations of materials, contracting officer will coordinate:

1. shipping schedules for GFM, and

2. completed end item shipping schedules under which the contractor can reasonably be expected to perform.

e. Adherence to shipping schedules of GFM to end item contractors will be maintained; thereby eliminating the necessity of reallocating, and insuring the control of materials.

### 39. WORKING STOCKS AT CONTRACTORS' PLANTS

a. In order to maintain control over the flow of GFM to end item contractors' plants, working stocks will be established by the Scheduling Section which will cover the material required for the performance of the contract.

b. These working stocks will be predicated upon the delivery schedule of end items specified in the contract, the number of days in the production or assembly cycle including allowance for safety factors, and the intransit time required to make material shipments, either from War Department facilities or GFM suppliers direct, to the end item contractors' plants. For such calculations, working stocks established will cover the materials from the time they are shipped until the time they are returned by contractors as end items for acceptance by the Government. For control purposes such working stocks will be expressed in terms of the number of days of production for which materials requirements are to be provided.

c. Shipping schedules of GFM will be established which will keep working stocks at a planned level. This level will vary with the nature of the process or assembly. Each installation will determine working stock levels to meet its particular requirements but in no case will working stock levels at contractors' plants exceed the following limits:

- (1) Forty-five days material requirements for manufacturing contracts.
- (2) Fifteen days material requirements for assembly contracts.

Requirements not to exceed 15 days may be added to each of the above as allowance for intransit time.

d. In specific instances where it can be demonstrated that LCL shipments to points at some distance from the supplying sources will involve higher costs, packaging problems, and delayed shipping time, working stock levels of small items, such as minor findings and ration accessories, will not be subject to the working stock limits prescribed in Paragraph g above.

e. All requests for deviations from the prescribed maximum working stock levels, including those authorized in Paragraph d above, must be approved by the Director of Procurement at the administering installation, and will be subject to review by the Office of The Quartermaster General.

f. The provisions of this section are not applicable to non-working stocks of materials stored at contractors' plants in order to avoid other commercial storage. These materials will be considered as available for allocation to other contractors until disposition instructions are issued by the installation for use as working stock by the storing contractor. Property records will be kept in a manner which will permit the utilization of stored materials by contractors other than the storing contractor, if necessary.

#### 40. SHIPMENT CONTROL RECORDS

a. The GFM Branch will maintain current and accurate shipment records which will furnish sufficient information to control working stocks at contractors' plants. These records will reflect:

- (1) Shipping schedule per contract.
- (2) Actual shipment posted from notice of shipment copy of WDSO or VSD.
- (3) Cumulative difference between scheduled and actual shipment.

b. Information on end item deliveries, necessary to control flow of materials, will be obtained from the Statistics Branch of the installation and if desired, provision can be made on shipment record for memorandum entry of this data.

c. If desired, shipment record may be combined with accounting record (WD Form 27 or equivalent) if a saving in posting work or other advantages can be realized without impairment of operating efficiency or accuracy.

#### 41. SHIPPING REQUISITIONS

a. For the purposes of this manual, requisitions are referred to as Advance Requisitions and Shipping Requisitions. Advance Requisitions have been covered in Section V since their processing is handled as part of the planning function. Shipments will not be made on Advance Requisitions and when they are received by Stock Control Division, they will be used solely to establish a Dues-Out pending receipt of Shipping Requisitions.

b. When circumstances warrant, Advance Requisitions need not be used. In such cases, Shipping Requisitions will suffice.

c. Shipping Requisitions received from other installations will be processed by the Planning Section in accordance with Paragraph 33c, Section V. Shipping Requisitions on other installations for supply of GFM and GFE to end item contractors of the requisitioning installation will be initiated by the Scheduling Section of the requisitioning installation.

d. The Scheduling Section of the procuring installation will receive a copy of the Advance Requisition issued by the Planning Section of the requisitioning installation. As end item contracts are awarded, Shipping Requisitions will contain the following information.



- (1) The same station requisition number as the Advance Requisition, with a consecutive sub-number for each contract made; e.g., 1237-1, 1237-2, etc.
- (2) Purchase Order, GFM number, and OI number.
- (3) Contractor's name and address.
- (4) Consignee's name and address.
- (5) Stock number and nomenclature of material.
- (6) Unit of measure.
- (7) Total quantity required.
- (8) Schedules of deliveries by arrival dates and quantities.
- (9) Billing desired (i.e., on cloth, whether gross or net yards).
- (10) Special instructions, preferences, etc.
- (11) Name and rank of GFM Accountable Property Agent, and property account number.

e. The last Shipping Requisition issued against each Advance Requisition will be marked "Final".

f. The requisitioning installation will notify the procuring installation in writing of all changes to be made in shipping schedules to end item contractors. Procuring installation will adhere to the shipping schedules contained in the requisitions or modifications thereof and will adjust each over or under shipment on succeeding shipments.

g. An installation administering an end item contract, requiring the furnishing of GFM or GFE items for which the installation has procurement responsibility, may use the procedure outlined in Paragraph 4ld for requisitioning on its own Stock Control Division. In most cases, however, the procedure will be altered as follows:

- (1) Advance requisition will not be required.
- (2) Shipping requisition will be issued for each individual shipment in lieu of one requisition containing schedule for all shipments.
- (3) Requirements of paragraph 4ld (2), (3), (4), (5), (6), (7), (9), (10) and (11) will remain the same.

h. The GFM Accountable Property Officer or persons designated by him will approve all requisitions. Stock Control Division will return requisitions not so approved.

#### 42. WAR DEPARTMENT SHIPPING DOCUMENTS

a. Stock Control Division will process requisitions received from the GFM Branch and issue War Department Shipping Documents.

b. Property copies of WDSD's will be issued as follows:

- (1) GFM and GFE furnished under Bailment Method: - One copy of WDSD to GFM Branch of Administering Installation, two copies to consignee with instructions to sign and return one copy

- (2) GFM and GFE furnished under Sales Method: - One copy of WDSD to GFM Branch of Administering Installation, four copies to Fiscal Division of Administering Installation, (See Sales Section VIII), and one copy to GFM Branch of Shipping Installation when different from Administering Installation.

#### 43. VENDORS SHIPPING DOCUMENTS

a. Upon formation of shipping schedule for insertion in GFM and GFE contracts involving direct shipment to end item contractors, Scheduling Section will initiate either directly with VSD Center or through Buying and Production Branch the preparation of the required sets of VSD's.

b. Copies of VSD's produced either for Bailment or Sales transactions are controlled by Standard VSD procedure.

c. VSD's will also be used to (1) transfer GFM and GFE between contracts with the same contractor, (2) transfer GFM and GFE between contractors, and (3) return GFM and GFE to Government storage.

#### 44. CONTROL OF GFM AT CONTRACTORS' PLANTS

a. The scheduling Section will exercise close control over working stocks at end item contractors' plants to insure that provisions of Paragraph 39 of this Manual are being observed.

b. Control of working stocks at end item contractors' plants will be accomplished by:

- (1) Adherence to shipping schedules established in end item contracts covering shipments of GFM to contractors, and delivery of end items to the Government. Contractor requests for changes in shipping schedules must be approved by the contracting officer.
- (2) Frequent review of Shipment Records to determine conformity to shipping schedules. When it is determined that delinquencies in end item shipments are resulting in excessive accumulation of working stocks in contractors' plants, the contracting officer will be advised in order that shipping schedules may be appropriately adjusted.
- (3) Withholding shipments of GFM when it is apparent that contractor will require less GFM than the contract allowed, thus saving extra costs of handling and transportation of GFM as well as conserving material.
- (4) Obtaining from contractors a Weekly Production and Inventory Report (Control Approval Symbol No. SPQDB 32-F). This report will reflect flow of material through selected phases of manufacture and will constitute a more sensitive control for detecting excessive inventory accumulation than that afforded

by end item production alone. Exhibits C-1 and C-2 are representative of the type of report that may be used. In the event weekly reporting will work a hardship on contractors or that weekly reporting is otherwise unnecessary, authority to extend the reporting period will be obtained from The Office of The Quartermaster General.

- (5) Use of inspectors to check accuracy of Production and Inventory Reports, to report unnecessarily large accumulations of raw stocks and to render such other assistance as may be considered necessary.

#### 45. AVERAGE WORKING STOCK LEVEL STUDIES

a. In order to establish realistic working stock levels at end item contractors' plants, it is necessary to consider the following factors:

- (1) Intransit time from supply source to end item contractor.
- (2) Number of days in production or assembly cycle.
- (3) End Item delivery schedule.
- (4) Safety factors.

b. The most efficient contractors will usually require the least number of days for processing or assembly and after the placement policies set forth in Paragraph 214 of Procurement Regulations have been complied with, contracts should be placed in this group.

c. As a check on the adequacy of control functions and as a basis for determining the efficacy of established stock levels, average working stock level studies of recently completed contracts will be made to determine resulting actual average working stock levels. Instruction sheet and worksheet to be used in analyzing working stocks are included herein as Exhibit D-1 and D-2. Installations, with the approval of the Office of The Quartermaster General, may develop analysis forms of their own to be used in lieu of Exhibit D-1 and D-2.

d. Studies of average working stock levels will be made on the following basis:

- (1) A minimum of ten percent of the contracts audited during the previous month will be reviewed each month. Included in this 10% will be all delinquent contracts where the last shipment of end items was made fifteen (15) days or over after the date specified in the delivery schedule of the contract. When the number of delinquent contracts exceeds the 10% audited, all such contracts will be reviewed for actual average working stock levels maintained. The non-delinquent contracts selected for review will be chosen at random and will represent a fair cross-section of the audited contracts.
- (2) Average working stock level studies will be made of as many components on each contract as is considered necessary to determine the true stock levels for that contract.

#### 46. FOLLOW-UP

a. Only through the use of an efficient follow-up and expediting system can the GFM Branch achieve effective operation.

b. Follow-up is concerned with two main problems: (1) follow-up on delinquent shipments of GFM or GFE; (2) follow-up on documents.

c. Follow-up on delinquent shipments of GFM or GFE will be effected from Shipments Record which reflects the scheduled delivery of GFM and GFE to end item contractors. When supply contractors fail to report scheduled shipments on time, action will be initiated, either directly or through expeditors in the Buying and Production Branch, to determine the reason for the delinquency and the corrective action to be taken.

d. Follow-up on documents will function as follows:

- (1) Requisition register or equivalent will be used to follow-up for receipt of notice of shipment copy of WDS's and signed copy from end item contractor acknowledging receipt of property. Follow-up with respect to requisitions pertaining to sales will be made only for notice of shipment copy.
- (2) Shipping schedule, Shipments Record or equivalent will be used to follow up to insure preparation of VSD's, to obtain notice of shipment copies and to obtain signed copy from end item contractor acknowledging receipt of property. Copies to be obtained through follow-up will be governed by applicable VSD procedure.

## CONTRACTOR'S PRODUCTION &amp; INVENTORY REPORT

1. As of \_\_\_\_\_  
(Date)

TO: Jeffersonville Quartermaster Depot  
Jeffersonville, Indiana

For End Item \_\_\_\_\_ O.I. No. \_\_\_\_\_

2. Total Units Accepted in Current Reporting Period .....           

PRODUCTION REPORT (in units of end items):

3. Put into process to date .....           

4. Completed end items accepted to date .....           

5. Completed end items ready for inspection.....           

6. Total end items completed to date .....           

7. Balance (work in process) .....           

8. INVENTORY REPORT (Use additional sheets, if necessary):

| <u>Stock Number</u> | <u>Nomenclature</u> | <u>Unit</u> | <u>Quantity</u> |
|---------------------|---------------------|-------------|-----------------|
|---------------------|---------------------|-------------|-----------------|

9. REMARKS:

10. Signed \_\_\_\_\_ Signed \_\_\_\_\_  
(Government Inspector)

Inspection Zone \_\_\_\_\_ For \_\_\_\_\_  
(Contractor)

Date \_\_\_\_\_ Address \_\_\_\_\_

When Returning Address:  
Commanding Officer

PHILADELPHIA QUARTERMASTER DEPOT  
CONTRACTORS WEEKLY PROGRESS REPORT

Control Approval  
Symbol SPQBC-32-F

Attention:  
Procurement Division  
Buying & Production Branch

Exhibit C-2

Date \_\_\_\_\_ 1. NUMBER \_\_\_\_\_

Prime Contractor's Name \_\_\_\_\_ 2. CONTRACT NO. \_\_\_\_\_

3. End Item \_\_\_\_\_ 4. Contract Quantity \_\_\_\_\_

| 5. Mfg. Opr. | PLANT NAME | ADDRESS |
|--------------|------------|---------|
| Cutting      |            |         |

Sewing

(Indicate Inspection and Shipping Point, if different  
from Sewing)

|                                                     |                                               |
|-----------------------------------------------------|-----------------------------------------------|
| 6. Total Cut to Date _____                          | 11. Total Accepted to Date _____              |
| 7. Total Shipped to Date _____                      | 12. Daily Production this contract:           |
| 8. Total Now in Process (6-7) _____                 | 1 a. Actual daily average<br>this week _____  |
| a. Cut, Awaiting Sewing _____                       | b. Estimated daily<br>average next week _____ |
| b. In Process of Sewing _____                       | 13. Hours this week on this contract _____    |
| c. In Examining _____                               | 14. Total Employed, all plants _____          |
| d. Ready for Shipment _____                         | a. This Contract _____                        |
| 9. No. Last Case Shipped _____                      | b. Other Gov't. Contracts _____               |
| 10. If deliveries are behind schedules, etc., _____ |                                               |

Signature of Prime Contractor \_\_\_\_\_ Title \_\_\_\_\_

PROPOSED METHOD FOR ANALYZING G.F.M. WORKING STOCK LEVELS

The attached form (QMC 1077a) has been designed to accomplish the study of one GFM material on a contract with a minimum of effort. It is divided into three (3) basic sections, and an explanation as to its use follows:

SECTION A - GFM SHIPMENTS RECEIVED

1. In this section will be recorded the receiving date (column 1) and the quantities (column 2) of individual shipments received by the contractor of the material being reviewed. On contracts which involve more than 20 shipments, the total received by the contractor each week may be entered in the quantity column, using the date (column 1) of receipt of the last shipment during each week.
2. The total quantity of the material received by the contractor will be divided into each shipment quantity posted in column 2, to give the percentage (column 3) of each shipment to the total received by the contractor. When this total exceeds the gross allowance by 10% or more, the gross allowance figure will be used to compute the percentage of materials received in column 3.
3. In column 4, the number of days that elapsed between the date of receipt of each shipment of the material by the contractor and the date final shipment of end items was made will be posted opposite the quantity of material received.
4. The product obtained by multiplying the figures in column 3 by those in column 4 will be entered on the appropriate line in column 5. The sum of these products in Section A, column 5, will be entered in the appropriate line for "Total."

SECTION B - SHIPMENTS OF END ITEMS

1. Quantities of end items shipped from the contractor and appropriate shipping dates will be entered in columns 6 & 7 in this Section of the report; and the percentage figures in column 8, the number of days in column 9, and the products of column 10 will be computed in the same manner as described for quantities of material in the Section A above.
2. The sum of the products in Section B, column 10, will be entered in the appropriate line for "Total."

SECTION C - AVERAGE WORKING STOCK LEVELS

1. The total in Section B, column 10, deducted from the total in Section A, column 5, represents the average working stock levels in days for the material reviewed on the contract, and will be entered in the appropriate space provided in Section C.

NOTE: Be sure to point off 2 decimal places from the right.



**EXHIBIT D-2**

## REVIEW OF GFM WORKING STOCK LEVELS

|                                            |                 |           |                    |                |                                   |                 |           |                    |                 |
|--------------------------------------------|-----------------|-----------|--------------------|----------------|-----------------------------------|-----------------|-----------|--------------------|-----------------|
| END ITEM                                   |                 |           |                    |                | MATERIAL REVIEWED                 |                 |           |                    |                 |
| CONTRACT NUMBER                            |                 |           |                    |                | GROSS ALLOWANCE                   |                 |           |                    |                 |
| CONTRACTOR                                 |                 |           |                    |                | REVIEW DATE                       |                 |           |                    |                 |
|                                            |                 |           |                    |                | DATE FINAL END ITEM SHIPPED       |                 |           |                    |                 |
| SECTION A. GFM SHIPMENTS RECEIVED          |                 |           |                    |                | SECTION B. SHIPMENTS OF END ITEMS |                 |           |                    |                 |
| DATE REC'D<br>(1)                          | QUANTITY<br>(2) | \$<br>(3) | NO. OF DAYS<br>(4) | PRODUCT<br>(5) | DATE OF SHIPMT<br>(6)             | QUANTITY<br>(7) | \$<br>(8) | NO. OF DAYS<br>(9) | PRODUCT<br>(10) |
|                                            |                 |           |                    |                |                                   |                 |           |                    |                 |
|                                            |                 |           |                    |                |                                   |                 |           |                    |                 |
|                                            |                 |           |                    |                |                                   |                 |           |                    |                 |
|                                            |                 |           |                    |                |                                   |                 |           |                    |                 |
|                                            |                 |           |                    |                |                                   |                 |           |                    |                 |
|                                            |                 |           |                    |                |                                   |                 |           |                    |                 |
|                                            |                 |           |                    |                |                                   |                 |           |                    |                 |
|                                            |                 |           |                    |                |                                   |                 |           |                    |                 |
|                                            |                 |           |                    |                |                                   |                 |           |                    |                 |
|                                            |                 |           |                    |                |                                   |                 |           |                    |                 |
| TOTAL                                      |                 |           |                    |                |                                   | TOTAL           |           |                    |                 |
| TOTAL, SECTION A, COL. 5                   |                 |           |                    |                | MINUS-TOTAL SECTION B, COL. 10    |                 |           |                    |                 |
| BALANCE-ACTUAL AVERAGE WORKING STOCK LEVEL |                 |           |                    |                | ESTABLISHED WORKING STOCK LEVEL   |                 |           |                    |                 |
| REVIEWED BY                                |                 |           |                    |                | CHECKED BY                        |                 |           |                    |                 |

## SECTION VII - ACCOUNTING

### 47. ORGANIZATION OF ACCOUNTING SECTION

a. The model GFM Organization (Exhibit A) provides for six (6) operating units as follows:

- (1) Registration Unit which will maintain GFM Register; Requisition Register; Voucher Registers and such other registers as may be required for control purposes.
- (2) WD Form 27 Unit which will (a) maintain WD Form 27 for all contracts involving GFM furnished by Bailment Method and (b) maintain complete file for each WD Form 27 which will include, but will not be limited to, contracts, modifications, documents, and pertinent correspondence.
- (3) GFE Records Unit which will (a) maintain historical record for each item of GFE (b) initiate action to recover or transfer idle GFE (c) process sales transactions involving GFE and (d) maintain complete files of records, documents, correspondence and other data relative to GFE.
- (4) Sales Unit which will (a) maintain jacket file accountability on all GFM furnished under Sales Method (b) perform necessary calculations on sales transactions and (c) maintain complete files of records, documents, correspondence and other data relative to GFM furnished by Sales Method.
- (5) Closing Unit which will (a) review each WD Form 27 file for completeness and accuracy (b) perform calculations relative to closing contracts (c) determine excess usage (d) compute amount to be charged to contractor for excess usage and (e) prepare monthly reports to the Office of The Quartermaster General.
- (6) Adjustments Unit which will (a) prepare reports of survey (b) assist contracting officers in the preparation of written determination as to contractor liability (c) handle contractors' complaints involving discrepancies in shipments and other problems not directly the concern of any one section of the branch and (d) perform functions in connection with the proper care and protection of Government property in the hands of contractors.

b. Government Furnished Equipment and Sales of GFM present special problems and therefore separate units in the Accounting Section will be

set up accordingly. Separate sections in this manual are provided to cover problems peculiar to GFE and Sales of GFM. As in the case of Planning and Scheduling, GFE and Sales Accounting procedures common to all GFM operation will be covered in this section. Those matters peculiar to GFE and Sales of GFM will be covered in separate sections.

#### 48. ASSIGNMENT OF RESPONSIBILITIES

a. The Buying and Production Branch is responsible for:

- (1) Obtaining a serial number (GFM or GFE number) for every contract or sales contract, entered into with end item contractors, involving GFM or GFE and indicating same on instrument affected.
- (2) Promptly furnishing the GFM Branch with copies of each contract, lease agreement or sales agreement or modification thereto involving GFM or GFE and such other additional information as may be required for the maintenance of proper records.
- (3) Including in each end item contract or lease agreement involving GFM or GFE the title and official station of the individual who will be responsible for maintaining accountability records of the material or equipment furnished and the identifying property account number assigned in accordance with Section II of this manual.
- (4) Including in all end item contracts a Government Owned Material Liability Clause, a provision clearly defining and covering the disposition of waste, scrap, or other residue, and a provision requiring submission of inventories of GFM on hand at completion or termination of the contract and such other reports and certificates during the life of the contract, as may be required.
- (5) Devising ways and means of instructing contractors in the proper protection to be given to GFM in their plants. In accordance with policies and procedures established, providing for the disposition of all materials damaged through the regularly established salvage organizations and disposal agencies.
- (6) Determining contractors' liability in all cases of loss, damage, destruction, wear or excessive use of GFM or GFE based upon applicable contractual provisions and preparing a written report on findings.
- (7) In the event of actual or contingent claims against contractors, directing Fiscal to withhold sufficient funds to protect the Government against possible losses. Contracting officer will do this on his own initiative or upon notice from GFM Branch.

- (8) Notifying the GFM Branch of completion of end item contracts within five days after acceptance of final end item shipment.
- (9) Assisting the GFM Branch in preparation of reports required by Section X.

b. The GFM Branch is responsible for:

- (1) Maintaining accountable records as follows:

- (a) The GFM Branch of the installation administering the end item contract will maintain records in accordance with provisions of AR 35-6520 which will reflect all government materials furnished to contractors, by Bailment Method, for incorporation into end items contracted for; the amounts of materials used by contractors; the end items accepted; unused materials returned by contractors; returned scrap or other residue; any charges made to contractors for loss, damage, destruction, wear, or excessive use of government materials; and other information necessary to a complete accounting of GFM.

- (2) Maintaining accountable records on a current basis at all times in a manner that will reflect accurately and fully the status of each account.

- (3) Maintaining the following registers:

- (a) A GFM register in which all lease agreements, sales contracts, and end item contracts involving GFM and contracts involving GFE will be registered and assigned an identifying serial number.
- (b) A requisition register for registration of requisitions involving GFM or GFE.
- (c) A voucher register for registration of all documents affecting accountability.
- (d) Such other registers as may be required for document control; i.e. reports of survey, receiving reports, etc.

- (4) Initiating prompt action through the Scheduling Section for the transfer or return of unused materials or idle GFE at the completion of contracts.

- (5) Advising the contracting officer of the necessity of preparing a written determination as to the contractors' liability in connection with the loss, damage, destruction, wear, or excessive use of GFM and GFE.
- (6) Preparing reports of survey when required.
- (7) Preparation and forwarding, through the contracting officer to the Fiscal Division, the data needed to charge contractors for loss, damage, destruction, wear, and excessive use of GFM or GFE.
- (8) Preparing statements of contingent or actual claims against contractors and making recommendations to contracting officers that Fiscal be directed to withhold funds sufficient to cover possible claims. With approval of contracting officer; GFM Branch may advise Fiscal direct.
- (9) Maintaining complete and current files of contracts, documents, reports and correspondence relative to each WD Form 27.
- (10) Closing completed contracts within forty-five (45) days of receipt of notice of final and item delivery on such contracts.
- (11) Preparing reports in accordance with Section X.

c. The Cost and Price Analysis Branch is responsible for:

- (1) Furnishing prices and related information to GFM Branch necessary in the preparation of charges against contractors and the determination of amounts to be withheld in accordance with paragraph 48b (8).
- (2) Internal auditing of GFM records to include the preparation of periodic progress reports of GFM audit activities, setting forth the scope of the examinations made and the findings and recommendations resulting therefrom.
- (3) Auditing closed accounts received from GFM Branch within ten (10) days of receipt.
- (4) Preparing reports as required by Section X.

d. The Fiscal Division is responsible for:

- (1) Collection of amounts due from contractors for loss, damage, destruction, wear and excess use of GFM and GFE.
- (2) Maintaining records pertaining to charges and following up for collection.

- (3) Withholding funds due contractor at direction of Contracting Officer of GFM Branch when required to protect the Government against possible loss of actual or contingent charges arising from transactions involving GFM or GFE.

e. The Inspection Branch is responsible for:

- (1) Checking for accuracy inventories and other reports submitted by contractor throughout the life of and upon completion of contract.
- (2) Determining necessary action when contractor claims unstability of materials for use intended.
- (3) Making required investigations in connection with shortage, loss, damage, destruction and excessive use of Government property.
- (4) Ascertaining that contractor is exercising reasonable care in the protection of Government property stored at his plant.

49. BASIC ACCOUNTING DOCUMENTS - Contracts or Sales Contracts involving GFM or GFE, entered into by Buying and Production Branch, are the basic documents used in establishing accounting records in the GFM Branch. The Buying and Production Branch will assign a serial number (GFM or GFE number) to each contract or sales contract, involving GFM or GFE, entered into with an end item contractor. This number will be obtained from the GFM Branch and will be shown on all copies of the instrument when prepared. There will be indicated in each end item contract or lease agreement, involving GFM or GFE, the title and official station of the individual who will be responsible for maintaining accountability records of the material or equipment furnished and the identifying property account number assigned in accordance with Section I of this manual. There will also be included in all end item contracts a Government Owned Material Liability Clause, a provision clearly defining and covering the disposition of waste, scrap, or other residue, and a provision requiring submission of inventories of GFM on hand at completion or termination of the contract and such other reports and certificates during the life of the contract, as may be required. A copy of each contract or agreement, and all subsequent modifications thereto, will be promptly furnished to the GFM Branch for the purpose of establishing accounting records.

50. GFM CONTRACT REGISTER

a. A register of all contracts, lease agreements, sales contracts and other similar instruments involving GFM and GFE will be maintained for the purpose of assigning a serial number to each instrument and to verify the receipt by the GFM Branch of a copy of each instrument for the establishment of proper records therefor, to enable ready determination of progress being made in maintaining up-to-date records, provide

basis for follow-up action for copies of instruments wherever necessary, and to insure prompt closing and auditing. The register will start with the number one at the beginning of each fiscal year and will continue consecutively thereafter. GFM numbers will include designation of type of contract; e.g., GFM supplied by Bailment Method, GFE supplied by Bailment Method, etc., a serial or identification number, and a designation of fiscal year as follows:

- |     |                                 |                |
|-----|---------------------------------|----------------|
| (1) | GFM supplied by Bailment Method | GFM-1-46       |
| (2) | GFMS supplied by Sales Method   | GFMS-10,001-46 |
| (3) | GFE supplied by Bailment Method | GFE-20,001-46  |
| (4) | GFES supplied by Sales Method   | GFES-30,001-46 |

b. The GFM Register will be divided into two sections, one for GFM and the other for GFE. Blocks of numbers will be assigned to each section, i.e., 1-20,000 for GFM and 20,001 to 40,000 for GFE. Each such section will be further divided into a subsection for instruments involving Bailment Transactions and a subsection for contracts involving Sales Transactions with a corresponding division in the blocks of numbers.

c. The GFM Register for all contracts involving GFM supplied by the Bailment Method will contain the following columnar information:

- Column 1 - GFM Serial Number
- Column 2 - Date of Assignment by GFM Branch
- Column 3 - End Item Contract or O.I. Number
- Column 4 - Name of End Item Contractor
- Column 5 - Final Delivery Date per Terms of Contract
- Column 6 - Date of Receipt of copy of Contract
- Column 7 - Actual Delivery Date of Last End Item
- Column 8 - Date of Closing of Accountable Property Records by GFM Branch
- Column 9 - Date of Audit by Cost & Price Analysis Branch
- Column 10 - Date of Receipt of Written Advice re Unadjusted Balances.

- (1) The Register of GFM Serial Numbers assigned will be prepared initially in duplicate. Upon completion by the GFM Branch of the first five columns on each page of the register the duplicate copy of the page will be forwarded to Cost & Price Analysis Branch. That Branch will utilize the information provided by the Register as a check on the status of GFM contracts and will insert the additional data.

d. The GFM Register for all contracts involving GFM supplied by the Sales Method will contain the following columnar information:



Column 1 - GFM Serial Number  
 Column 2 - Date of Assignment  
 Column 3 - Contract or O.I. Number of Sales Agreement  
 Column 4 - Name of contractor to whom sold  
 Column 5 - Completion Date of End Item Contract  
                     involved, per Contract  
 Column 6 - Date of Receipt of Sales Agreement  
 Column 7 - Date Final Payment is Due from Contractor  
 Column 8 - Date of Final Settlement of Contractor's  
                     Account (For Fiscal Use Only)  
 Column 9 - Indication by "Yes" or "No" whether option  
                     to repurchase materials has been exercised.

(1) The Register of GFMS Serial Numbers will be prepared initially in triplicate. Upon completion by the GFM Branch of the first five columns on each page of the register, the following distribution will be made:

- (a) Duplicate copy of the page will be furnished to the Fiscal Division. The Fiscal Division subsequently will complete the duplicate copy of the register and will utilize the information provided thereon as a basis for assuring that all charges are received and that all accounts are settled as promptly as practicable.
- (b) Triplicate copy of the page will be forwarded to Cost & Price Analysis Branch. That Branch will utilize the information provided by the Register as a check on the status of Sales Agreement and will insert the additional information.

e. The GFM Register for all contracts involving GFE supplied by the Bailment Method will contain the following columnar information:

Column 1 - GFE Serial Number  
 Column 2 - Date of Assignment  
 Column 3 - Contract or O.I. Number of lease agreement,  
                     supply contract with facility articles or  
                     other instruments.  
 Column 4 - Name of Using Contractor  
 Column 5 - Identification of Contract for which GFE is  
                     required. If GFE is not applicable to a  
                     particular contract indicate "General Use."

Column 6 - Date of expiration of lease agreement, etc.  
 Column 7 - Date lease agreement or contract received.  
 Column 8 - Contractor to pay rental or other fee for use of equipment. Indicate "Yes" or "No".  
 (For Fiscal use only)  
 Column 9 - Date of closing accountable property records by GFM Branch  
 Column 10 - Date of audit by Cost & Price Analysis Branch

- (1) The Register of GFE Serial Numbers will be prepared initially in triplicate. Upon completion of the first six columns on each page of the Register, the following distribution will be made.
  - (a) Duplicate copy of the page will be furnished to the Fiscal Division. The Fiscal Division subsequently will complete the duplicate copies of the Register and will utilize the information provided thereon as a basis for assuring that rentals and other fees charged for the use of GFE have been set up on their records for collection.
  - (b) Triplicate copy of the page will be forwarded to Cost & Price Analysis Branch. That Branch will utilize the information provided by the Register as a check on the status of GFE contracts and will insert the additional information.

f. The GFM Register for all contracts involving GFE supplied by the Sales Method will contain the following columnar information:

Column 1 - GFES Serial Number  
 Column 2 - Date of Assignment  
 Column 3 - Contract or O.I. Number of Sales Agreement  
 Column 4 - Name of Contractor to whom sold  
 Column 5 - Date of Receipt of Sales Contract  
 Column 6 - Date Final Payment is Due from Contractor  
 Column 7 - Date of Final Settlement of Contractor's Account (For Fiscal use only)

- (1) The Register of GFES Serial Numbers will be prepared initially in triplicate. Upon completion of the first four columns on each page of the register, the following distribution will be made:

- (a) Duplicate copy of the page will be furnished to the Fiscal Division. The Fiscal Division subsequently will complete the duplicate copies of the register and will utilize the information provided thereon as a basis for assuring that all charges are received and that all accounts are settled as promptly as practicable.
- (b) Triplicate copy of the page will be forwarded to the Cost & Price Analysis Branch. That Branch will utilize the information provided by the Register as a check on the status of Sales Agreements and will insert the additional information.

g. Contracts that did not originally involve GFM or GFE will be assigned a GFM or GFE number and registered if a subsequent modification to the contract does not involve GFM or GFE.

h. GFM Serial Numbers will not be assigned to contracts covering the original purchase of the GFM itself unless such contract also involves GFM, i.e., ration sub-assembly contracts which cover assembly of components to be subsequently assembled by another contractor into completed rations.

i. All contracts involving GFE will be registered whether or not GFM is involved. Contracts containing a "facility article" and also involving GFM will be assigned both a GFM and a GFE Serial Number.

#### 51. REQUISITION REGISTER

a. The GFM Branch will be assigned a block of requisition numbers from the station's requisition register for the purpose of registering all Advance and Shipping Requisitions involving GFM or GFE issued by the installation in connection with contracts administered by the installation.

b. The Requisition Register will be divided into two sections with blocks of numbers assigned to each. In one section, all requisitions involving GFM and GFE furnished by the Bailment Method will be recorded and in the other section, all GFM and GFE furnished by the Sales Method will be recorded.

c. Preparation and form of requisition is covered by Sections V and VI.

## 52. VENDORS SHIPPING DOCUMENTS

a. Registration of VSD's ordinarily will be accomplished by the VSD Center; however, if better control can be achieved or if required for follow-up purposes, the GFM Branch may establish a VSD register as well.

b. A block of Shipping Order Numbers will be assigned within which all VSD's involving GFM or GFE, shipped to contractors of either the administering or requisitioning installation, will be registered. This block will be divided into two sections; one to record all transactions involving the Bailment Method and the other to record all transactions involving the Sales Method.

## 53. VOUCHER REGISTER

a. Property voucher numbers will be assigned to each document through which property is taken up on or dropped from the accountable records of GFM and GFE maintained by the GFM Accountable Property Officer, except as provided in paragraph 55. This includes documents controlled by blocks of voucher numbers reserved by Stock Control Division for GFM and GFE shipments (see paragraph 57c.). Each property voucher will be registered in a voucher register (WD AGO Form No. 10-140 or equivalent) maintained by the GFM Branch.

b. The GFM Voucher Register will start with the number one (1) at the beginning of each fiscal year and run consecutively throughout the year. It will be divided into a debit and credit section with blocks of numbers assigned to each section, e.g., debits 1-50,000, credits 50,001-100,000.

c. When, in accordance with the provisions of paragraph 55b, it is necessary for the GFM Branch to record end item acceptances, the documents evidencing such transactions will be assigned credit voucher numbers and be registered in the GFM Voucher Register.

## 54. CONTRACTORS' ACCOUNT (WD FORM 27)

a. The GFM Branch of the installation administering the end item contract involving GFM supplied under the Bailment Method will maintain accountable property records, in accordance with the provisions of AR 35-6520, on WD Form No. 27 which will reflect:

- (1) All Government owned materials furnished to contractors for incorporation into end items.
- (2) Amounts of materials used by contractors.
- (3) Quantities of completed end items accepted by the Government.

- (4) Quantities of unused materials returned by the contractor.
- (5) Quantities of scrap material or other residue returned by the contractor.
- (6) Credits for loss, damage, destruction, or excessive use of Government materials for which charges have been made, when necessary, against the contractor.
- (7) Any other information necessary to completely account for all Government owned materials furnished to the contractor.

b. If in any instance the nature of the materials being furnished to contractor, the conditions of their use, or the provisions of the contract are such that WD Form No. 27 is not suitable for the purposes for which intended, the installation concerned may submit a recommended revision of this form to The Quartermaster General, Attention: Fiscal Division, for consideration and approval. Forms approved for use in lieu of WD Form No. 27 are illustrated by Exhibits E-1 and E-2.

c. Files of all pertinent documents, including property vouchers, pertaining to GFM and GFE accounts, will be maintained by the GFM Accountable Property Officer. These files will be established with a separate folder for each contract or item of equipment.

#### 55. RECORDS OF END ITEM ACCEPTANCE

a. When the records of acceptance of end items are maintained by the Statistics Branch in a current and accurate manner and are readily available to the GFM Branch, such records will be utilized to the extent necessary to control GFM supplied under the provisions of the applicable contract. When this procedure is followed it will not be necessary to assign voucher numbers to each receiving document and make individual postings of receipts, to the WD Form No. 27, covering the end items accepted. Upon completion of the contract all copies of receiving documents and the record of acceptances will be transferred from the Statistics Branch to the GFM Branch for inclusion in the accountable property records file. No voucher numbers will be assigned to the individual documents but the contracting officer will furnish a supporting statement as to the total number of end items accepted. This statement will be assigned a credit voucher number and entered on the proper WD Form 27.

b. When the records of acceptance of end items are not maintained by the Statistics Branch in a current and accurate manner and/or are not readily available to the GFM Branch, copies of all receiving documents received by the Statistics Branch will be made available to the GFM Branch when requested by the Accountable Property Officer. Each

document will be assigned a voucher number, registered in the voucher register as provided in paragraph 53, and individual postings made to the WD Form No. 27.

56. MAINTENANCE OF ACCOUNTABLE PROPERTY RECORDS - An accountable property record, WD Form No. 27, as prescribed in paragraph 54, will be established by the GFM Branch immediately upon receipt of a contract, or a modification of a contract, requiring the furnishing of Government owned materials to a contractor. These records will be maintained on a current basis to reflect at all times Government materials furnished to contractors, end items accepted by the Government (except when provisions of paragraph 55a are applicable), materials returned or materials shipped or drawn in excess of contract allowances and any other information necessary to control the use of GFM in the possession of contractors. In order that accountable property records for GFM may be maintained on a current basis, it is essential that all documents, including contracts and modifications thereof, shipping documents, correspondence, etc., are furnished to the GFM Branch by other units of the installation, promptly after issuance.

#### 57. CONTROL OF RECORDS AND DOCUMENTS

a. WD Form No. 27 or approved equivalent will indicate the GFM number assigned to it in the GFM Contract Register. As contracts are completed and records closed, a periodic review will be made of completed files to assure that all GFM numbers have been accounted for.

#### b. Shipping Requisitions.

- (1) All shipments of Government materials to contractors will be approved in advance by the GFM Accountable Property Officer or his designated assistants.
- (2) Shipping requests made on a supplying installation for the accountability of another installation will be countersigned by the GFM Accountable Property Officer, or his designated assistants, of the supplying installation, in addition to the required signature of the GFM Accountable Property Officer of assistants of the requisitioning installation.
- (3) The GFM Branch will furnish its installation's Stock Control Division and Buying and Production Branch, Procurement Division, a list and signatures of its personnel authorized to request shipment. Action to effect shipments will be taken only when shipping requests are signed by authorized personnel.

#### c. War Department Shipping Documents.

(1) Set aside of numbers.

(a) The Stock Control Division of the installation will set aside two blocks of credit vouchers to record transactions involving GFM or GFE. One block will apply to Bailment Transactions and the other to Sales Transactions as follows:

1. A block of credit vouchers sufficient for an entire fiscal year will be reserved in the voucher register of the Stock Control Division to be used exclusively in connection with shipments to be made to contractors at the request of the GFM Accountable Property Officer, for use on contracts made under the Bailment Method. These numbers will be assigned to shipment of GFM for the accountability of the GFM Accountable Property Officer of the installation administering the end item contract. Debit Voucher numbers will subsequently be assigned to these documents when registered in the GFM Branch Voucher Register of the Accountable Installation. Shipments made for the accountability of the GFM Branch of another installation will be plainly marked "Transfer".
2. A separate block of credit voucher numbers sufficient for an entire fiscal year will be reserved in the Voucher Register of the Stock Control Division to be used exclusively in connection with shipments to contractors requested by the GFM Accountable Property Officer under sales contracts. These numbers will be assigned to such shipments made on sales contracts administered by the same or another installation. Such shipping documents will not be assigned debit voucher numbers in the GFM Voucher Register since accountability is dropped by Stock Control Division upon shipment and will not be picked up by the GFM Accountable Property Officer. Shipments made for the GFM Branch of another installation will be plainly marked "Transfer".



3. Stock Control Division may be requested to assign additional blocks of credit vouchers if in the opinion of the GFM Accountable Property Officer control will be enhanced as a result thereof; e.g., a block for shipments to contractors of other installations to segregate such transactions from shipment to contractors of supplying installation, etc.

(2) Distribution of copies.

- (a) As stated in paragraph 42b, the GFM Branch will receive one WDSB Property Copy constituting notice of shipment of GFM or GFE shipped to its own contractors or those of another installation. This will enable the GFM Branch to maintain a complete "Audit Record" of all shipments of GFM or GFE made by the Stock Control Division of the installation, for review by the Army Area Headquarters personnel. This record will consist of bound copies of WDSB's maintained in sequence by credit voucher numbers assigned by Stock Control Division. All numbers will be accounted for. The record will be established as follows:
  1. Notice of shipment copy of WDSB's pertaining to shipments to contractors of other installations will be marked "Transfer" and will be immediately filed in "Audit Record".
  2. Notice of shipment copy of WDSB's pertaining to shipments made to contractors of the shipping installation will be posted by the Scheduling Section to Shipments Record and Requisition Follow-Up Record and held by the Accounting Section for comparison with copy of WDSB signed by contractor acknowledging receipt of GFM or GFE. It will then be filed in "Audit Record".
  3. Notice of shipment copy of WDSB's pertaining to shipments made by other installations will be posted by the Scheduling Section to Shipments Record and Requisition Follow-Up for comparison with copy of WDSB signed by

contractor acknowledging receipt of GFM or GFE. These WDSD's will not be filed in Audit Record and will be destroyed after voucher copy has been recorded.

- (b) Copy of WDSD signed by consignee will be vouchered, entered on GFM Voucher Register and posted to WD Form No. 27 as soon as possible. If desired, notice of shipment copy may be entered in the Voucher Register and temporarily used as voucher copy to be replaced subsequently by the signed copy received from consignee. This practice may be especially desirable when WD Form 27 and shipment record are combined.

d. Vendors Shipping Documents.

- (1) Work sheets for VSD Masters will be prepared for shipments to contractors of the procuring installation only upon the issuance of shipping schedules approved by the GFM Branch and the Contracting Officer.
- (2) Work sheets for VSD Masters will be prepared for shipments to contractors of another (requisitioning) installation upon receipt of properly approved Shipping Requisitions.
- (3) Work sheets for VSD Masters to effect transfer or removal of GFM or GFE will be prepared by the GFM Branch when such transfer or removal has been authorized by the GFM Branch. Approval of the Contracting Officer will also be obtained when required.
- (4) A block of Shipping Order Numbers will be assigned for GFM and GFE furnished by the Bailment Method and another block for GFM and GFE furnished by the Sale Method. The GFM Branch of the shipping installation will receive, through the Commodity Section, the shipping order copies (No. 14) of all VSD's issued within the block of numbers assigned to GFM and GFE transactions. Copy No. 14 of VSD's pertaining to shipments to contractors of other installations will be plainly marked "Transfer" when received by the GFM Branch of the shipping installation.
- (5) The GFM Branch will set up an "Audit Record" of VSD's similar to that maintained for WDSD's. Copy No. 14 of VSD's pertaining to shipments to contractors of other installations will be plainly marked "Transfer" when received by the GFM Branch of the shipping installation.

installations will be filed in shipping order sequence immediately upon receipt. Copy No. 14 of VSD's pertaining to shipments to contractors of the shipping installation will be referred to Follow-up unit of Scheduling Section for notation on their records and then filed in sequence by shipping order numbers in "Audit Record". All Shipping order numbers will be accounted for and records will be properly bound and retained for audit purposes. VSD's covering shipments made by other installations will not be included in the "Audit Record".

- (6) If the installation does not desire to use VSD No. 14 copy for the "Audit Record" some other copy giving as a minimum the same information as the No. 14 copy may be used in lieu thereof.
- (7) GFM Branch, Scheduling Section, will receive VSD notice of shipment copy, on all shipments made by its own and other installations. This copy will be entered on Shipment Records and on VSD follow-up record, if separately maintained. VSD Copy No. 13 will be obtained from consignee acknowledging receipt of property. Scheduling Section will note on follow-up record and forward to Accounting Section for voucher registration and entry on WD Form No. 27. Under circumstances described in Paragraph 57c(2)(a)1, Notice of Shipment copy of the VSD may be used as a temporary voucher to be replaced by the No. 13 copy.

#### 58. TRANSFER OF MATERIAL OR EQUIPMENT

a. Each contractor awarded a contract involving GFM or GFE will be advised that transfers of material or equipment for use on another contract will be made only upon written authorization of the contracting officer or GFM Accountable Property Officer. In any event copy of such authorizations will be required to be furnished the GFM Accountable Property Officer for necessary adjustment of records. Strict adherence to this practice is extremely important in order to control the use of materials and equipment and to insure accurate accounting therefor in connection with contracts for which used.

b. The Accounting Section will initiate a transfer authorization and obtain necessary approvals. The Scheduling Section will initiate preparation of VSD's to effect such transfer.

**59. RETURN OF MATERIALS AND EQUIPMENT TO STORAGE**

**a. Materials and equipment supplied by the installation administering the GFM or GFE Contract.**

- (1) GFM Branch, Accounting Section, will initiate preparation of VSD's through Scheduling Section to effect immediate return to its storage installation upon receipt:**
  - (a) Of notice of materials or equipment shipped in excess of requirements, in error, or found to be unsuitable for purpose originally intended.**
  - (b) Of inventories of material, scrap, and equipment on hand at contractors' plant at completion of the contract.**

**b. Materials and equipment supplied by an installation other than the installation administering the GFM or GFE Contract.**

- (1) When materials and equipment are shipped in excess of requirements, shipped in error, or are found to be unsuitable for the purposes originally intended, the Requisitioning Installation will take required action for the proper disposition of the material. If the material is to be returned to the Procuring Installation, notification will be furnished that installation.**
- (2) The Procuring Installation will keep the Requisitioning Installation advised as to the desired disposition of all unused materials, equipment and scrap on hand in the end item contractors' plants at the completion of their contracts. This notice may be on the basis of the overall program or on the basis of each individual contract, depending upon the materials or equipment involved and other conditions.**
- (3) If the materials or equipment are to be returned to the Procuring Installation, the copies of complete inventories from the end item contractors, together with copies of shipping documents, indicating quantities ordered shipped, will be forwarded by the Requisitioning Installation to the Procuring Installation at the time bills of lading are**

furnished the contractor for the return of unused materials, or equipment. In the event of a discrepancy between the quantity shown on the inventory or the shipping document and the quantity received by the Procuring Installation, a notification of the quantity received will be furnished to the Requisitioning Installation, together with a statement of the action taken to adjust the discrepancy. Discrepancies in shipments will be adjusted by the Procuring Installation in accordance with current instructions.

c. Returns of material for reasons of unsuitability should be closely controlled by locally developed procedures which will protect against unnecessary returns. Employment of inspectors stationed at contractors' plants to determine unsuitability will assist in this program.

#### 60. CONTROL OF SCRAP

a. The basic instructions pertaining to the control of scrap are contained in Section IX, TM 14-911. For the purpose of clarification, under the provisions of this manual, scrap includes unserviceable residue or spoiled GFM materials or components, having only salvage value to the Government, which results from manufacturing, processing, packing, or assembling operations in the performance of GFM contracts. It also includes Government-owned containers or other packaging materials furnished to contractors in connection with GFM contracts which have only a salvage value.

b. All contracts will clearly define scrap and provide instructions for its disposal at the completion of the contract. Disposition will usually be accomplished in one of two ways, by:

- (1) Removing the scrap from contractors' plant at the completion of the contract for disposition by salvage officer.
- (2) Negotiating a reduction in the price to the Government of the end item and allowing the contractor to retain the scrap.

c. Disposition of scrap will be accomplished in a manner that will yield the greatest net return to the Government.

d. All transactions relative to scrap in which the Government has retained title will be reflected on the WD Form No. 27.

#### 61. GFM OR GFE LOST, DAMAGED OR DESTROYED

a. Procedures covered in this paragraph are concerned with GFM or GFE, furnished by the Bailment or Sales Method, which has been lost, damaged, or destroyed while owned by the Government but not physically under

Government control. The procedures prescribed herein supplement the provisions of TM 14-904, Accounting for Lost, Damaged and Destroyed Property, April 1945, and TM 14-911, Accounting for Government Property Furnished under Fixed Price Contracts, June 1944.

b. It is the responsibility of the contracting officer to determine the liability of a contractor in all cases of loss, damage, or destruction of GFM or GFE furnished to a contractor either by Bailment or Sales Method. This determination will be based on the applicable provisions of the contract or sales contract involved and consideration of the pertinent facts relating to the loss, damage, or destruction of Government materials or equipment. It will be prepared in the form of a written determination or will be annotated on a report of survey processed in accordance with Chart 4, TM 14-904. The contracting officer is primarily responsible for the adjustment of claims, involving Government materials or equipment, lost, damaged, or destroyed, in connection with contracts or sales contracts negotiated by him, and will be considered technically responsible for such property pending complete adjustment with the contractor.

c. The GFM Accountable Property Officer is responsible, when GFM or GFE furnished to a contractor under the Bailment or Sales Method is lost, damaged, or destroyed, for advising the contracting officer of the necessity of preparing a written determination as to the liability of the contractor or for initiating a report of survey when required. The responsibilities of the GFM Accountable Property Officer are equally applicable where the loss, damage, or destruction of Government Property is incident to a shipment to a contractors' facility or to a shipment from a contractors' facility at the direction of the War Department. The GFM Accountable Property Officer will advise the Fiscal Officer of all discrepancies in shipments made to a contractor under the Sales Method which may affect collection activities.

d. GFM Accountable Property Officers will be notified of GFM or GFE reported lost, damaged, or destroyed, ordinarily by the following means:

- (1) Direct notification by a contractor.
- (2) Written notification from the contracting officer when the contracting officer has been notified by the contractor.
- (3) Written notification from a Depot Accountable Property Officer when that agent has been notified directly by a contractor or when loss, damage, or destruction is involved in a shipment of GFM or GFE from a contractors' facility to a depot.
- (4) Written notification from the fiscal officer when a contractor refuses on the basis of alleged loss, damage, or destruction, to make full settlement for GFM or GFE shipped under the Sales Method.



e. In those cases where the value of the property lost, damaged, or destroyed, in any type of shipment made under the Bailment Method or the Sales Method, is determined to be inconsequential under the provisions of paragraph 137a, TM 14-904, the consignors' account will be credited with the quantities claimed to have been shipped and the consignees' account will be debited with the quantities actually received. Written determination of the contracting officer or report of survey will not be required to effect adjustment of the discrepancy, except as indicated in paragraph 61g below.

f. Discrepancies in shipments of GFM under the Bailment Method, not covered by the provisions of paragraph 61e, will be accounted for as follows:

- (1) Shipments originating at War Department installations -  
When the property reported lost, damaged or destroyed pertains to a shipment of GFM or GFE originating at a War Department installation, the consignors' account (stock report account of shipping installation) will be credited with the quantities claimed to have been shipped and the consignees' account (WD Form No. 27) will be debited with the quantities claimed to have been received. Written determination of the contracting officer or report of survey will not be required to effect adjustment of the discrepancy. The GFM Accountable Property Officer, however, will notify the commanding officer of the shipping installation, through command channels, as to discrepancies, under the following circumstances:
  - (a) When the discrepancy is evidently caused by disregard of shipping instructions.
  - (b) When it appears that the shipping officer shipped short to adjust his property account.
  - (c) When the loss or damage involves critical, sensitive, or expensive items.
  - (d) When the discrepancy is of substantial size or frequently recurrent from the same shipping installation.
  - (e) When the discrepancy results from misrouting of all or part of the shipment.

In the event that discrepancies in shipment are consistently reported by a contractor, the GFM Accountable Property Officer will notify the contracting officer accordingly and request that he furnish a



written determination as to the liability of the contractor. The written determination of the contracting officer will be required on each discrepancy reported subsequent to determination being made, by the GFM Accountable Property Officer, that the contractor is repeatedly claiming shortages in shipment.

(2) Shipments originating at contractors' facilities -

In those cases where the property lost, damaged, or destroyed pertains to a shipment of GFM or GFE originating at contractors' facility, the consignors' account will be credited only with the amounts claimed to have been received by the consignee and the consignees' account will be debited with the amounts claimed to have been received. Immediately upon receipt of notification of a discrepancy in a shipment, the GFM Accountable Property Officer will take the following action to account for the discrepancies involved;

- (a) The consignor will be requested to verify the quantities indicated on the shipping document as having been shipped. If the claim of the consignee is substantiated, a replacement shipment will be made, if requested by the consignee, or a corrected shipping document will be processed. A corrected shipping document will be plainly marked "Corrected Shipping Document" and will identify the shipping document which it replaces.
- (b) Upon receipt of information from the consignor to the effect that shipment was made as indicated on the shipping document, the GFM Accountable Property Officer will request the consignee to furnish an affidavit, which will be certified by a Government inspector, if possible, and will contain the following information:
  - 1. Discrepancy notation, if any, made on the bill of lading.
  - 2. Condition of car seals on carload shipments.
  - 3. Opinion as to the liability of the common carrier.
  - 4. Any other information specifically requested by the GFM Accountable Property Officer considered by the consignee to be pertinent to the case in question.

- (c) Upon receipt of the affidavit required by Paragraph 61f(2)(b) above, the GFM Accountable Property Officer requesting the shipment of the property will initiate and process a report of survey, using the affidavit as an exhibit hereto, in accordance with the provisions of TM 14-904. All reports of survey will be processed through the contracting officer in the manner prescribed in Chart 4, TM 14-904, in order that the contracting officer's determination as to liability for the loss, damage, or destruction of property may be made part of the report of survey by annotation thereon. In the event that the shipper, or component part contractor, is determined to be liable by the contracting officer administering the end item contract, and is a contractor of another contracting officer, the report of survey will be forwarded to the contracting officer administering the component part contract for final determination as to the liability of the component part contractor and for annotation of his findings on the report of survey. In the event that the determination of a contracting officer of liability for loss, damage, or destruction of property requires a withholding from payments due a contractor, or provides a basis for a credit to an amount due from a contractor, the contracting officer responsible for administering the contract involved will provide the fiscal officer concerned with written notification of the amounts involved.
- (d) In all cases when a common carrier is involved in discrepancies in shipments made on a Government bill of lading, and discrepancy notation has been made on the bill of lading covering the shipment, a report of survey will be processed, except that when the discrepancy is inconsequential a report of survey is not required.
- (e) In processing reports of survey, particular attention will be given to the provisions of Paragraph 43b, TM 14-904, pertaining to the prescribed time limit for the initiation of such reports. This time limit will be figured from the date that the GFM Accountable Property Officer receives a notification of discrepancy requiring the processing of a report of survey to effect an adjustment of a contractor's account.

g. Discrepancies in shipments of GFM or GFE under the Sales Method will be accounted for as follows:

- (1) Shipments originating at War Department installations - Where the property reported lost, damaged, or destroyed pertains to a shipment of GFM or GFE originating at a War Department installation, adjustment of discrepancies will be handled in the manner outlined in Paragraph 6lf(1) above, subject to the following modifications:
  - (a) The consignees' account will be debited with the quantities claimed to have been received, rather than the quantities claimed to have been shipped, only when it appears reasonable to assume that the discrepancy is due to shortage or damage existing at the time of shipment or to improper packing or loading of the shipment.
  - (b) The consignees' account in cases of this type will be the accounts receivable maintained by the fiscal officer. All adjustments to the accounts receivable will be based on written notification from the GFM Accountable Property Officer to the fiscal officer, of the amount, including inconsequential discrepancies, authorized to be credited to the contractor's account. In the event, however, that discrepancies in shipment are consistently reported by the contractor, written determination of the contracting officer will be furnished to the fiscal officer upon request of the GFM Accountable Property Officer.
- (2) Shipments originating at contractors' facilities - Where the property lost, damaged, or destroyed pertains to a shipment of GFM or GFE originating at contractors' facility, including a commercial warehouse, the procedure outlined in Paragraphs 6lf(2)(a) and (b) will be followed. In addition to the information required to be furnished in accordance with Paragraph 6lf(2)(b), the contractor will be requested to include in his affidavit a statement as to any liability accepted by the common carrier for the discrepancy involved. Upon receipt of the affidavit from the contractor, it will be forwarded to the contracting officer for determination of the contractors' liability. The GFM Accountable Property Officer will notify the fiscal officer, by memorandum, to the effect that a discrepancy exists, indicating the amount thereof, the contract involved, and the date the contracting officer was requested to furnish written determination as to the contractors' liability.

The contracting officer will prepare his findings, and will notify the fiscal officer of the action to be taken with respect to the collection of the amount of the discrepancy.

h. When the fiscal officer responsible for effecting collection for shipments made to a contractor under the Sales Method is notified of discrepancies in shipment, as required by Paragraph 6lc, he will suspend collection action for the amount of the discrepancy pending receipt of notice indicating further collection action is required. Periodic follow-ups will be made by the fiscal officer to determine the status of all accounts receivable for which collection action has been suspended.

- (1) When the fiscal officer receives notification from the GFM Accountable Property Officer, or the contracting officer, authorizing credit to the contractor's account for the amount of the discrepancy, or receives a corrected shipping document, the account receivable from the contractor will be adjusted accordingly, and collection effected for any balance due.
- (2) When the fiscal officer receives written determination of the contracting officer, requesting collection from the contractor for all or any part of the reported discrepancy, the normal procedure will be followed in effecting collection. If collection for the amount due cannot be effected within a reasonable period, a report will be rendered directly to the Office of the Chief of Finance, Washington 25, D. C., in accordance with the provisions of Paragraph 15a, AR 35-730, and the account receivable will be dropped by the fiscal officer.
- (3) In the event that the payment received by the fiscal officer is not sufficient to pay in full for the items listed on the shipping document on which the contractor was invoiced, and a corrected shipping document, or the findings of the contracting officer, or notification from the GFM Accountable Property Officer covering the discrepancy has not been furnished, action will be taken as follows:
  - (a) Notice will be furnished to the GFM Accountable Property Officer in the form of a memorandum to which will be attached the copy of the shipping document retained by the fiscal officer for

follow-up purposes, annotated to show the amount of the deduction taken by the contractor and, if possible, the quantities and nomenclature of the items for which the deduction was made. Copies of any communications received from a contractor pertaining to a deduction will also be attached to the memorandum notice forwarded to the GFM Accountable Property Officer.

- (b) A copy of each memorandum notice to the GFM Accountable Property Officer will be retained by the fiscal officer as a basis for suspending further collection action, pending notice from the contracting officer as to whether further collection action is required. Accounts receivable will not be charged off prior to formal adjustment as provided in Paragraphs 61h(1) or (2) above.

## 62. CLOSING ACCOUNTABLE PROPERTY RECORDS

a. Promptly upon completion of a GFM contract, notification to the effect that the final end item has been accepted, and showing the total quantity accepted on the contract, will be furnished by the Contracting Officer to the GFM Branch, at which time the GFM Branch will take the following action to effect a closing of the accountable property records pertaining to the contract;

- (1) Authorize transfer of balance of unused GFM to another contract with same contractor.

- (a) VSD's marked "Transfer - No Payment Involved", supported by copies of contractor's certified inventory verified by Government Inspector on duty at contractor's plant, will be used to reflect this transfer. Distribution of VSD's will include:

- 1. A copy to be retained by the GFM Branch, showing quantity to be shipped (i.e., transferred) as a follow-up on;

- a. Copies 8 and 13, both of which will be signed by the contractor and used as credit and debit vouchers, respectively, to the two contractors involved. Cross reference will be indicated on both copies.

- 2. Copy 1, to the contractor, as authorization for transfer to be retained by him.

- (2) Order return of unused GFM or idle GFE to same or another installation or transfer to another contractor.
- (a) VSD's marked "Return (or Transfer) of GFM - No Payment Involved", will be used to effect the return or transfer. The VSD's will show as quantity to be shipped the quantity reported by contractor on his certified inventory, which will be retained in support of the documents used in the transaction. Distribution of VSD's will include:
1. Copy to the Transportation Division for preparation of Bill of Lading.
  2. Copy to the contractor as shipping authorization to be retained by him.
  3. Copy retained by the GFM Branch showing quantity to be shipped, as follow-up on:
    - a. Copy 8 of VSD showing quantity shipped, forwarded by contractor, who signs certificate 3, to GFM Branch, to be matched with:
      - (1). Copy 5A of VSD, if material or equipment is returned to storage installation, which will be forwarded by the contractor to consignee installation. Upon receipt by the depot, entry thereon of quantity received will be made and then forwarded to GFM Branch, accountable installation (not to P & C Officer), or
      - (2). Copy 13 of VSD, if material is transferred to another contractor, which will be forwarded by the shipping contractor to the consignee contractor for entry thereon of quantity received, signed, and then forwarded to the GFM Branch, Accountable installation.
  4. Copies 2, 3, and 4 of the VSD will be forwarded to the consignee installation, when shipment is to Government storage.

(b) The GFM Account may be credited, initially based upon VSD copy 8, or the credit may be suspended until receipt of VSD copy 5A or 13. In any event, however, the GFM account will finally reflect the actual quantity received by the consignee unless (1) the discrepancy is due to a loss or damage in transit when the account will be credited with the amount indicated as having been shipped and the credit voucher supported by a report of survey, or (2) if the discrepancy is not incident to shipment, and the contractor is relieved of liability, as determined by written advice of the contracting officer, when the account will be credited with the amount indicated as having been shipped and the credit voucher supported by the written advice of the contracting officer.

(3) Obtain a certificate from the contractor to the effect that all GFM has been returned or otherwise disposed of in accordance with the terms of the contract.

b. Upon closing of the accountable property records, the GFM Branch will forward them together with the complete account files to the Cost and Price Analysis Branch, Procurement Division,

(1) A certificate prepared and signed by the GFM Accountable Property Officer as follows: "I certify that to the best of my knowledge and belief, records for Contract No. \_\_\_\_\_ have been maintained properly and correctly, and that the attached records pertaining to the performance of this contract are complete and reflect a true accounting with the contractor".

(2) The statement of unadjusted balances or of account required to be forwarded to the contracting officer in accordance with paragraph 80, TM 14-911.

c. After audit of the account, the Cost and Price Analysis Branch will forward the audited statement of account (with its certificate attached) to the contracting officer.

d. The contracting officer will advise the GFM Accountable Property Officer in writing of the quantity and value of the article to be adjusted, his findings regarding the contractors' liability, the amount of liability assumed by the contractor, if any, together with a brief statement in support of his findings. This advice will be forwarded to GFM Branch through Cost and Price Analysis Branch. The Contracting Officer's written advice of his



findings will serve as an acceptable credit voucher, provided that such advice is supported by evidence that the Fiscal Division has received notification to effect collection in those cases where the contractor is held liable, and will be filed with contractors' account.

e. A copy of written advice of the Contracting Officer, together with evidence of notification to effect collection, will be filed by contracting officer for the information of the property auditor.

f. It is emphasized that in signing his certificate, the GFM Accountable Property Officer assumes full responsibility for the adequacy and accuracy of the accountable property records. Proper supervision at all times of assistants in charge of GFM accounts therefore is essential in order to insure the execution of duties in a manner which adequately protects the interests of the Government.

#### 63. COLLECTION OF CHARGES FOR EXCESS USAGE

a. Charges against contractors for excess usage will be determined at the completion of the contract and approved by the contracting officer after audit by Cost and Price Analysis Branch. Where a contractor is working on more than one contract with the Quartermaster Corps, charges for excess usage will be determined at the completion of each contract. Savings under one contract will not be applied to reduce excess usage under another contract.

b. To effect collection of such amounts Fiscal Division will:

- (1) Have withheld at an earlier date specified amounts from payments due the contractor upon written advice from the contracting officer, or the GFM Branch, or
- (2) Deduct from vouchers for payment of current amounts due contractors, or
- (3) Invoice contractor if there are no amounts currently due contractor.

#### 64. ACCOUNTABILITY FOR CERTAIN ITEMS OF GFM

##### a. Labels, Tags and Booklets

- (1) Authorization has been obtained, under the provisions of paragraph 10b, AR 35-6520, to exempt from property accountability when furnished to contractors as GFM, the following items:

Instruction Labels (all types)  
Instruction Tags  
Instruction Booklets

- (2) When furnished to a contractor as GFM, the items referred to above will not be required to be accounted for on

WD Form No. 27, or authorized substitute, as required by paragraph 26, AR 35-6520. The signed acknowledgment of receipt of the contractor, filed with the contractors' account maintained by the GFM Accountable Property Officer, will be considered as an adequate record of the items.

- (3) Upon completion of a contract, however, the contractor will be requested to list the unused portion of the items, referred to in paragraph (1), as part of the inventory of GFM. Appropriate shipping instructions will be furnished the contractor in the same manner as for any other GFM inventory on hand at completion of a contract.

b. GFM and GFE furnished for Tests and Experiments.

- (1) As a general rule accountability will be maintained for all property not normally classified as expendable, except that accountability will not be required to be maintained on any item that will be consumed or rendered unserviceable in tests or experiments in connection with research and development projects unless it is determined that the anticipated salvage value of the property at the completion of the project will warrant retention for disposition by the Government.
- (2) Materials, supplies, and equipment to be subject to or used in performance of tests or experiments conducted at other than Government owned and operated installations will be accounted for as GFM or GFE in accordance with the provisions of this manual.
- (3) Reference is made to WD Memorandum No. 35-6520-1 dated 20 September 1946.

ACCOUNTABLE PROPERTY RECORD FOR GOVERNMENT SUPPLIED MATERIALS

7.30

### Contract Performance Record

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UNIVERSITY OF MICHIGAN

7.31

FRONT PAGE 1

|                                                                                  |                                 |                                          |                      |
|----------------------------------------------------------------------------------|---------------------------------|------------------------------------------|----------------------|
| P/O NO.                                                                          | END ITEM                        | QUANTITY                                 | BUYER                |
| CARD NO.                                                                         | PRIME CONTRACTOR ADDRESS        | PLACE OF MANUFACTURE<br>SHIPPING ADDRESS |                      |
| PROCUREMENT DIRECTIVE NUMBER                                                     | TELEPHONE                       | TELEPHONE                                |                      |
| CORRESPONDENCE RECORD                                                            |                                 |                                          |                      |
| CONTRACT DATE                                                                    | TYPE OF CORRESPONDENCE          | DATE SENT                                | DATE REC'D           |
|                                                                                  | INVENTORY REQUEST               |                                          |                      |
|                                                                                  | TRANSFER AUTHORIZATION          |                                          |                      |
|                                                                                  | REQUEST FOR B/L                 |                                          |                      |
|                                                                                  | B/L SENT                        |                                          |                      |
|                                                                                  | RETURN OF MATERIALS CERTIFICATE |                                          |                      |
| PLACE OF MFG. OR SUBCONTRACTOR SHIPPING ADDRESS                                  |                                 |                                          |                      |
| TELEPHONE                                                                        |                                 |                                          |                      |
| WITHHOLDING INSTRUCTIONS: \$ of G.P.M. to be withheld until called by contractor |                                 |                                          |                      |
| G. F. M. SHIPMENTS TO CONTRACT                                                   |                                 |                                          |                      |
| CONTRACT PERFORMANCE RECORD                                                      |                                 |                                          |                      |
| SCHEDULE NO.                                                                     | G.F.M. SCHEDULE DATE            | END ITEM SCHEDULE DATE                   | G.F.M. SCHEDULE DATE |
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## SECTION VIII - SALES OF GOVERNMENT FURNISHED MATERIAL

65. APPLICABILITY OF INSTRUCTIONS - Responsibilities of the various sections of the installation, and procedures to be followed in accomplishing these responsibilities, applicable under both the Bailment and Sales Methods, are set forth in the preceding sections of this Manual and their omission from this section in no way lessens their effectiveness. The instructions contained in this section are pertinent to sales of GFM only, and the responsibilities and procedures prescribed are applicable to the various sections of the installation insofar as such sales are concerned. This section is not applicable to sales of GFE.

66. SALES CONTRACTS - a. As stated in Paragraph 2h, Quartermaster Corps and item contracts which require the furnishing of Government-owned material, will normally prescribe the Bailment Method.

b. Items of GFM authorized under the provisions of Paragraph 2i may be supplied to contractors by the Sales Method upon determination by the Buying and Production Branch, in cooperation with the GFM Branch of the necessity for supplying materials by this method in order to accomplish the mission of supply of the installation.

c. When the Sales Method is authorized, the administering installation of the end item contract will execute a Sales Contract to cover the GFM which will:

(1) State the unit price of the material to be sold to the contractor, which price will be obtained in writing by the Buying and Production Branch from the Cost and Price Analysis Branch.

(2) Require the contractor to utilize the GFM supplied to him in the production of the end items for which the materials are furnished, thereby preventing the diversion of any GFM into civilian or other unauthorized channels.

(3) Restrict the quantity of GFM to the quantity required on the basis of the authorized allowance for the quantity of end items to be produced.

(4) Specify that all unused materials remaining in contractors' plants upon the completion or termination of the end item contract may be repurchased by the Government at the price stipulated in the GFM Sales Contract.

(5) Establish shipping schedules for GFM which will result in the desired shipping schedules for the completed end items so as to preclude the over-supply of GFM to contractors and to obviate the necessity for exercising the option to repurchase unused materials.



67. CONTROL OF MATERIAL - In order to control the materials furnished to contractors under the Sales Method:

a. The Buying and Production Branch will:

- (1) Advise the GFM Branch on any questions as to the proper utilization of material by the contractor.
- (2) Advise the GFM Branch of completion or termination of contracts in connection with which sales of Government-owned materials have been made.

b. The GFM Branch will:

- (1) Schedule shipments to contractors in accordance with the same principles governing the furnishing of materials by the Bailment Method, and provide this information to the Contracting Officer for inclusion in the sales agreement.

68. ASSIGNMENT OF RESPONSIBILITIES - In addition to the responsibilities stated elsewhere in this Manual and applicable to Sales of GFM the

a. Buying and Production Branch is responsible for:

- (1) Determining necessity for supplying a material to a contractor by the Sales Method in cooperation with the GFM Branch.
- (2) Obtaining in writing the unit price of material sold from the Cost & Price Analysis Branch.
- (3) With the assistance of the GFM Branch, determining whether the option to repurchase unused material at the completion of the contract will be exercised.
- (4) Advising the GFM Branch on any questions as to the proper utilization of material by the contractor.
- (5) Inserting shipping schedules in sales agreements.

b. GFM Branch is responsible for:

- (1) Scheduling shipments to contractors in accordance with the same principles governing the furnishing of materials by the Bailment Method, and providing this information to the Contracting Officer for inclusion in the sales agreements.
- (2) Making comparisons of the relationship between the end items produced, with respect to the materials sold, to insure complete channeling into Government contracts, and notifying Contracting Officers of variances to enable necessary action against the contractor.

- (3) Obtaining an inventory at completion of contract of unused materials which were sold to the contractor by the Government for the execution of the contract.
- (4) Assisting the Contracting Officer in determining whether option shall be exercised to repurchase materials not used by the contractor, and directing disposition thereof.
- (5) Computing the proper charges for GFM supplied directly or incorporated in end-items being shipped for which reimbursement is required.
- (6) Ascertaining that all requisitions and shipping documents issued with respect to sales of GFM are clearly marked "Cash Sale".
- (7) Maintaining a complete file on contract of sale, related requisitions, shipping documents, inventories of unused materials, certificates, usage studies, etc.

c. Cost & Price Analysis Branch is responsible for:

- (1) Furnishing the Contracting Officer, upon his request, with the unit price for materials sold.
- (2) Auditing the GFM Branch records with respect to the sale of materials to determine that the Fiscal Division is notified of the quantity of materials sold and the amount for which the contractor is to be billed.

d. Fiscal Division is responsible for:

- (1) Billing and collecting all amounts due for Government materials sold to contractors, in accordance with existing regulations.
- (2) Maintaining adequate records of receivables and collections pertaining to sales of Government materials in accordance with instructions issued by The Quartermaster General.
- (3) Informing the Installation's Director of Procurement of delinquent accounts, in order that necessary action may be taken to preclude additional sales of materials being made to delinquent contractors without payment in advance.

## 69. SHIPPING REQUISITIONS

a. Each requisition scheduling specific shipments of material (not Advance Requisitions) will contain a statement that the following information is to be included on the shipping documents:

"Cash Sale

Sales agreement number \_\_\_\_\_

Requisition No. \_\_\_\_\_

Billing and Collecting Installation \_\_\_\_\_"

b. Distribution of the requisition will include:

- (1) One copy to the Fiscal Division to be used in support of sales agreement and as follow-up for shipping documents for billing purposes.
- (2) Two copies to the supplying agency (Stock Control Division of administering installation if shipment is to be made from available stocks; Contracting Officer, if stock is to be purchased by administering installation; GFM Branch of shipping installation if other than administering installation, in accordance with Section V.).

## 70. PRICE

a. Where materials other than subsistence or items purchased with subsistence funds are sold to a contractor, the price for such materials sold will be determined in accordance with QMG Circular No. 20 (1946) and supplements thereto. Prices will be obtained in writing from the Cost & Price Analysis Branch.

b. When subsistence or items purchased with subsistence funds are sold to a contractor, the price for such materials sold will be determined by The Quartermaster General.

c. Where materials are sold to a contractor at the time of negotiating the end-item contract, the Contracting Officer will determine that the price of such materials sold was used by the contractor in establishing his end-item price.

d. In accordance with current regulations, all shipments will be made transportation charges collect. In any case where the cost of transportation to the contractors' plant is paid for by the Government, this cost will be added to the price of the materials sold and will be in addition to the price established in accordance with QMG Circular No. 20 (1946).

e. The Contracting Officer will be responsible for determining whether the end-item price requires adjustment on the basis of the unit price being charged in comparison to the cost of such materials used by the contractor in establishing his end-item price, when the sales agreement is not made at the time of negotiating the end-item contract.

## 71. INVOICING

a. Contractors will be invoiced by the Fiscal Division (by use of priced documents) for all materials sold to them, within 10 days after date of shipment, and the contractor must pay for all materials within 30 days after date of invoice.

b. Copies of each shipping document will be distributed as follows:

- (1) Four copies to Fiscal Division of installation administering the end-item contract.
  - (a) Two of these copies will be forwarded to contractor by the Fiscal Division, together with a request that one copy be returned to the installation with a check made payable to the Treasurer of the United States in the amount due for the materials sold.
  - (b) The third copy will be retained by the Fiscal Division for follow-up purposes to insure prompt settlement of the contractor's account. Upon receipt of payment, this copy will be noted therefor, verified by comparison with the signed copy, and returned to the GFM Branch for file.
  - (c) Acknowledgment of receipt of the shipping documents, for billing purposes, will be indicated on the fourth copy and returned to Stock Control Division for file in the accountable property voucher file.
- (2) One copy to GFM Branch of the installation administering the end-item contract, to serve as notice of actual shipment of material required in the performance of a contract.
- (3) One copy to GFM Branch Shipping Installation for "Audit Record" in accordance with Paragraphs 42b(2) and 57c(2)(a).

c. All copies of shipping documents will bear the notation "Cash Sale," indicate the sales agreement number assigned to the sale, the requisition number, and the billing and collecting installation.

d. Shipping document numbers:

(1) Shipments from stock:

(a) Shipments from stock, whether ordered by the GFM Branch of the supplying installation or of another installation administering an end-item contract, will be assigned a credit voucher number from the block voucher numbers especially segregated from GFM shipments, in accordance with Section VII, Paragraph 57c(1)(a)2.

(2) Shipments directly from a supply contractor to an end-item contractor:

(a) Shipments directly from a supplying contractor to an end item contractor will be made on a Vendor's Shipping Document, which will be assigned a separate shipping order number, by GFM Branch, supplying installation, out of a group of numbers set aside from a block of VSD shipping order numbers reserved for use by GFM Branch for direct shipments of Government Furnished Materials, in accordance with Section VII, Paragraph 57d(4).

e. Fiscal Division will be advised of the specific blocks of credit voucher numbers and shipping order numbers set aside for sales transactions by Stock Control Division and VSD Center of their installation. They will account for the use of the numbers by

(1) Checking off numbers used by their installation with respect to sales transactions.

(2) Accounting for missing numbers by periodically checking "Audit Record," Section VII, Paragraphs 57c(2)(a) and 57d(5) for "Transfers" which represent sales administered by other installations.

f. Fiscal Division will promptly acknowledge receipt of shipping documents from other installations concerning sales transactions which are being administered by their installation.

## **72. ACCOUNTABILITY**

a. Property shipped to a contractor on a cash sales basis will be dropped from accountability upon shipment and will not be required to be accounted for on WD Form No. 27 (or authorized substitute).

b. If an installation ships material from stock, or directly from a supplier, to a contractor of another installation administering the sales contract, the administering installation will not pick up accountability for the materials but will only be required to perform billing and collection of the account receivable.

c. The Fiscal Division of the installation administering the sales agreement will, however, notify the GFM Branch of the shipping installation of receipt of the copies of the shipping documents furnished for billing purposes. The GFM Branch of the shipping installation will file this notification with the copy of the shipping document, marked "Transfer", retained in accordance with Paragraphs 57c(2)(a) and 57d(5), for the use of the property auditor. If notification of receipt of shipping documents by the Fiscal Division is not received within a reasonable length of time, the GFM Branch will request such notification to be furnished in order to complete the "Transfer" shipping document file and to insure that collection documents have been received for processing.

## **73. SALES TO CONTRACTORS OF OTHER WAR DEPARTMENT COMPONENTS, NAVY OTHER FEDERAL AGENCIES, ETC.**

a. Quartermaster Corps property may be sold to contractors of other War Department components and Governmental agencies, upon requisition in accordance with existing regulations, provided the requisitioning agency agrees to reimburse the Quartermaster Corps for any property not paid for by contractors. Approval will be obtained for each sale from the Office of The Quartermaster General in accordance with Section III, Paragraph 16. It is the responsibility of the requisitioning agency to insure that the contractor does not obtain materials in excess of contract requirements.

## **74. REIMBURSEMENT FOR GFM SUPPLIES TO ANOTHER SERVICE OR AGENCY.**

a. When material is furnished to serve as a component part of an item which is being procured for another service or another Government department or agency, care must be exercised to insure that proper reimbursement is obtained in accordance with the provisions of QMC Circular No. 22, 1946. When material is furnished in connection with end-item contracts being administered from other than Quartermaster funds, reimbursement, in accordance with instructions contained in QMC Circular No. 22, 1946, will be obtained for Quartermaster items furnished as GFM.

**MONTHLY GFM REPORT**  
**PART I - STATUS OF ESSENTIAL GFM ACTIVITIES**

|                                                 |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
|-------------------------------------------------|---------------|--------------------------------|---------------|---------------|---------------|-------------------|--------------------------------------------------------------------------------|---------------------------------------------|-----------------------------------------|--------------------------------------|
| <b>DEPOT</b>                                    |               |                                |               |               |               |                   | <b>AS OF MONTH ENDED</b>                                                       |                                             |                                         |                                      |
| <b>A. STATUS OF CONTRACTS</b>                   |               |                                |               |               |               |                   | <b>GFM BRANCH</b>                                                              |                                             | <b>C &amp; PA BRANCH</b>                | <b>PROCUREMENT DIV.</b>              |
|                                                 |               |                                |               |               |               |                   | ACTIVE CONTRACTS<br>IN PROCESS<br>(A)                                          | CONTRACTS IN PROC-<br>ESS OF CLOSING<br>(B) | CONTRACTS IN<br>PROCESS OF AUDIT<br>(C) | TOTAL CONTRACTS<br>IN PROCESS<br>(D) |
| 1 BALANCE END OF LAST MONTH                     |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| 2 NEW AWARDS DURING MONTH                       |               |                                |               |               |               |                   | +                                                                              |                                             |                                         | +                                    |
| 3 COMPLETED DURING MONTH                        |               |                                |               |               |               |                   | -                                                                              |                                             |                                         |                                      |
| 4 CLOSED DURING MONTH                           |               |                                |               |               |               |                   |                                                                                | -                                           | +                                       |                                      |
| 5 RETURNED FOR CORRECTION                       |               |                                |               |               |               |                   |                                                                                | +                                           | -                                       |                                      |
| 6 CORRECTED FORWARDED TO AUDIT                  |               |                                |               |               |               |                   |                                                                                | -                                           | +                                       |                                      |
| 7 AUDITED DURING MONTH                          |               |                                |               |               |               |                   |                                                                                |                                             | -                                       | -                                    |
| 8 BALANCE END OF THIS MONTH                     |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| Aging Of<br>Contracts                           |               | 9 OVER 60 DAYS OLD             |               |               |               |                   |                                                                                |                                             |                                         |                                      |
|                                                 |               | 10 OVER 10 DAYS IN C&PA BRANCH |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| 11 ACTIVE SALES CONTRACTS                       |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| 12 IMPORTANT:                                   |               |                                |               |               |               |                   | <i>Covering letter will indicate steps taken to reduce 9(B) 9(C) and 10(C)</i> |                                             |                                         |                                      |
| <b>B. REVIEW OF GFM LIST</b>                    |               |                                |               |               |               |                   | 15 DELETIONS FROM LIST                                                         |                                             |                                         |                                      |
| 13 AUTHORIZED FOR GFM BEGINNING OF MONTH        |               |                                |               |               |               |                   | 16 TOTAL AUTHORIZED - End of Month                                             |                                             |                                         |                                      |
| 14 ADDITIONS TO LIST                            |               |                                |               |               |               |                   | 17 NON-ESSENTIAL MATERIALS AVAILABLE FOR GFM                                   |                                             |                                         |                                      |
| <b>C. REVIEW OF USAGE FACTOR</b>                |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| 18                                              |               |                                |               |               |               |                   | REVIEW NO.<br>PERIOD<br>(F)                                                    |                                             | REVIEW NO.<br>PERIOD<br>(G)             |                                      |
|                                                 |               |                                |               |               |               |                   | (F)                                                                            | 100%                                        | (G)                                     | 100%                                 |
| 19 ACTIVE END ITEM COMPONENTS                   |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| 20 EXCLUDED FROM REVIEW                         |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| 21 BALANCE TO BE REVIEWED                       |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| 22 REVIEWED - NEGLIGIBLE VARIATION              |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| 23 REVIEWED - SUBSTANTIAL VARIATION             |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| 24 RECOMMENDED CHANGES                          |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| 25 CHANGES MADE EFFECTIVE                       |               |                                |               |               |               |                   |                                                                                |                                             |                                         |                                      |
| <b>D. ESTABLISHMENT OF WORKING STOCK LEVELS</b> |               |                                |               |               |               |                   | <b>E. CONTROL OF WORKING STOCK LEVELS</b>                                      |                                             |                                         |                                      |
| 26 END ITEMS TO BE REVIEWED                     |               | (I)                            |               | (J)<br>100%   |               |                   | 29 CONTRACTS AWARDED LAST MONTH                                                |                                             | (R)                                     | (S)<br>100%                          |
| 27 REVIEWED THIS MONTH                          |               |                                |               | %             |               |                   | 30 REVIEWED THIS MONTH                                                         |                                             |                                         | %                                    |
| 28 <i>Established Working Stock Levels</i>      |               |                                |               |               |               |                   | 31 WORKING STOCK LEVELS EXCEEDED                                               |                                             |                                         | %                                    |
| 20 DAYS<br>OR UNDER                             | 21-25<br>DAYS | 26-30<br>DAYS                  | 31-35<br>DAYS | 36-40<br>DAYS | 41-45<br>DAYS | FOR<br>DEFINITION | 32 CONTRACTS CLOSED WITHIN 30 DAYS                                             |                                             |                                         | 100%                                 |
| (K)                                             | (L)           | (M)                            | (N)           | (O)           | (P)           | (Q)               | 33 MATERIALS NOT TRANSFERRED                                                   |                                             |                                         | %                                    |
| PREPARED BY                                     |               |                                |               |               |               |                   | APPROVED BY                                                                    |                                             |                                         |                                      |
|                                                 |               |                                |               |               |               |                   | DIRECTOR OF PROCUREMENT                                                        |                                             |                                         |                                      |

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## SECTION IX - GOVERNMENT FURNISHED EQUIPMENT

75. APPLICABILITY OF INSTRUCTIONS - Responsibilities of the various sections of the installation, and procedures to be followed in accomplishing these responsibilities, applicable under both the Bailment and Sales Method, are set forth in preceding sections of this manual and their omission from this section in no way lessens their effectiveness. The instructions contained in this section are pertinent to GFE Transactions and the responsibilities and procedures prescribed are peculiar to such transactions only. This section is not applicable to GFM operations.

76. ASSIGNMENT OF RESPONSIBILITIES - In addition to responsibilities stated elsewhere in this manual and applicable to GFE the

a. Buying and Production Branch is responsible for:

- (1) Determining necessity of furnishing GFE to contractors.
- (2) Determining source from which GFE will be provided. This will require cooperation with GFM Branch where equipment is already Government-owned, or contact with office of The Quartermaster General to obtain new items.
- (3) Charging contractors for use of equipment either through the Bailment Method or by rental agreement.
- (4) Insuring by contractual arrangements that contractor will properly utilize and maintain equipment and that the interests of the Government are adequately protected. Care should be taken to prevent use of equipment by contractor for civilian production.
- (5) Assisting GFM Branch to insure prompt removal of idle equipment from contractors' plants.
- (6) Obtaining cost of equipment from GFM Branch records for use in sales contracts.

b. GFM Branch is responsible for:

- (1) Maintaining adequate accountable records for each item of equipment at contractors' plants on which the Government retains or is acquiring title, including documents, contracts, correspondence and other data pertaining thereto.
- (2) Transferring equipment between contracts and contractors only upon proper approval.
- (3) Ascertaining that sales contract has been written for each sale.
- (4) Preparing reports to the Office of The Quartermaster General as may be required with respect to GFE.
- (5) Furnishing cost data upon request of Contracting Officer.
- (5) Initiating prompt removal of idle equipment from contractors' plants.
- (7) Checking contracts for provisions covering rentals, fees or other charges to insure that same are correctly included.

c. Cost and Price Analysis Branch is responsible for:

- (1) Audit of GFE furnished by Bailment or Sales Methods to insure correctness of records and adherence to established procedures.

d. Fiscal Division is responsible for:

- (1) Insuring that all rentals, fees and other charges for use of GFE are collected promptly.
- (2) Effecting collection for GFE sold.

e. The Inspection Branch is responsible for:

- (1) Ascertaining correctness of inventories of equipment submitted by contractors.
- (2) Insuring that contractor is exercising reasonable care in the protection and use of Government-owned equipment.
- (3) Insuring that equipment is being used only on Government contracts in accordance with provisions of lease or other agreement and reporting idle equipment to the GFM Accountable Property Officer.
- (4) Ascertaining that equipment is properly marked so that it may be readily distinguished from similar equipment owned by contractor.

77. GFE CONTRACTS - For the purpose of this section, GFE contracts will include sales contracts, lease agreements, rental agreements, purchase contracts containing a Government-owned facility clause, and any other contract which requires the supplying of GFE to contractors by the Bailment or Sales Method. Under the provision of Paragraph 2a, Section I, the Buying and Production Branch of an installation will thoroughly investigate the necessity of supplying GFE to a contractor prior to approving a contract containing such authorization. When it has been decided that GFE must be supplied to a contractor, such supply will be effected from available stocks of the installation if possible. In the event that stocks of the required equipment are not available at the installation, request for approval for the supply of the equipment will be submitted to the Director of Supply, Office of The Quartermaster General, accompanied by a detailed justification for furnishing the equipment. Under these circumstances, the Buying and Production Branch will not enter into a contract authorizing the supply of GFE until necessary action has been taken by The Office of The Quartermaster General and the installation advised. Contracts providing the supply of GFE to contractors will stipulate the charge to be made for the use of such equipment, in accordance with established policies.

78. RESTRICTIONS ON USE OF GFE - Every precaution will be taken by the installation authorizing the supply of GFE to a contractor to insure the use of the equipment only in connection with Government contracts. This will be partially insured by clauses contained in the contract which will provide that

the contractor will properly utilize and maintain the equipment, and that the interests of the Government in such equipment are adequately protected while in the possession of the contractor. To further insure the proper use of GFE by contractors, the GFM Branch will periodically request the Inspection Branch of the installation to inspect all equipment in contractors plants and to submit reports of the condition of the property inspected. Record of such inspection will be annotated on the accountable records maintained by the GFM Branch.

79. REQUESTS FOR APPROVAL OF GFE - Upon receipt of a request from an installation for approval to furnish GFE, not available at the installation, the Procurement Policy Branch, Supply Division, Office of The Quartermaster General will:

- a. Notify the installation that a requisition for the required equipment will be forwarded to another installation of the Quartermaster Corps where the equipment is available. Copy of this notification will be furnished to the installation designated to supply the equipment as an advance notice of requirement, or
- b. Notify the installation that procurement of the required equipment will be effected, such notification to contain complete instructions as to the method of procurement, or
- c. Notify the installation that the request for GFE is disapproved.

80. ACCOUNTABLE RECORDS - Accountable records of each item of GFE supplied to contractors under the Bailment Method will be maintained as follows:

- a. Immediately upon supply of an item of GFE to a contractor, either from available Quartermaster Corps stocks or by purchase action, an equipment Historical Record (Exhibit F), will be established in the CFM Branch of the installation administering the end item contract in connection with which the GFE was required.
- b. To record group items such as shoe lasts, suitable forms will be developed locally and submitted to the Office of The Quartermaster General, Attention: Fiscal Division, for approval.
- c. Where equipment within a building or operating unit is interconnected in a continuous manufacturing process, such as procoating machines, such equipment may be recorded on the prescribed form as one unit, with a supporting detailed list, description, or general lay-out drawing of the component parts cross-referenced thereto.
- d. Each Equipment Historical Record (Exhibit F), or form approved for use in lieu thereof, will be filled out in detail to show all pertinent information necessary to describe the equipment. The GFE number assigned to the contract, in connection with which the equipment is being used, will be indicated in all cases without fail.

e. The Equipment Historical Record, or form approved for use in lieu thereof, will be prepared in triplicate, one copy for the files of the GFM Branch of the installation, one copy to be forwarded to the Office of The Quartermaster General, Attention: Procurement Policy Branch, Supply Division, and one copy to be utilized by the installation for use by Inspectors for inventory purposes.

f. Upon completion of the contract and the return of the GFE items to the Government, the Equipment Historical Record will be closed and accountability transferred to the distribution stock account of the storing installation. In the event of a transfer of the equipment to another contract with the same contractor, or to another contractor, the Equipment Historical Record will also be closed and a new one established in the same manner as if supply of GFE had been effected as prescribed in paragraph 80a above.

#### 81. SALES OF GFE

a. The Buying and Production Branch of an installation will not make any sales of GFE items except with the specific approval of the Supply Division, Procurement Policy Branch, Office of The Quartermaster General. Request for approval for sales will contain detailed justification therefor together with proposed sales price for the item involved. In the determination of the sales price such data as the original cost of the item, and the age and condition of the equipment will be considered and will be outlined in the request for approval for sale.

b. GFE sold to contractors, upon approval of the Supply Division, Procurement Policy Branch, Office of The Quartermaster General, will be dropped from accountability upon shipment, in the same manner as prescribed for GFM in Paragraph 72, Sect. VIII.

c. Control of GFE Sales for the purpose of determining that collection is effected will be accomplished through the same medium as prescribed for the sales of GFM in Section VIII of this manual.

#### 82. SHIPPING REQUISITIONS

a. Requisitions for GFE items will be prepared by the GFM Branch upon receipt of lease or other agreement, sales agreement or memoranda from the Contracting Officer, and will include the following:

- (1) Name, rank and property account number of Requisitioning Accountable Property Officer.
- (2) GFE or GFES number assigned to lease or other agreement.
- (3) Property identification number assigned to equipment.
- (4) Contract or OI number of related contract for purchase of commodity or service. (if furnished by Bailment Method).
- (5) Requisition number from block of numbers assigned to GFE transactions.
- (6) Signature of the GFM Accountable Property Officer or his designated assistant ordering shipment, to be countersigned by GFM Accountable Property Officer or his designated assistant of shipping installation, when different.

### 83. CONTROL OF EQUIPMENT BY THE OFFICE OF THE QUARTERMASTER GENERAL

a. The Supply Division, Procurement Policy Branch, Office of The Quartermaster General will maintain a record of all GFE controlled by the Quartermaster Corps, which is currently in use in contractors' facilities. This record will consist of duplicate copies of Equipment Historical Record, or other approved form, for all installations.

b. Items of GFE will not be removed from facilities of contractors in possession, either for transfer to other contractors or other Technical Services, sale, or return to storage, without approval of the Supply Division, Procurement Policy Branch, Office of The Quartermaster General.

c. By the 15th of each month, the GFM Branch will furnish a report to the Supply Division, Procurement Policy Branch, Office of The Quartermaster General, with respect to transactions during the next preceding month containing the following:

- (1) All new items of GFE acquired by purchase action during the month, supported by duplicate copies of Equipment Historical Record, or equivalent.
- (2) All items of GFE transferred between contracts with the same contractor, or to other contractors, supported by duplicate copies of Equipment Historical Record, or equivalent.
- (3) All items of GFE shipped to contractors' facilities from available Quartermaster Corps stocks, supported by duplicate copies of Equipment Historical Record, or equivalent.
- (4) All items of GFE returned from contractors' facilities to available stocks of the Quartermaster Corps, indicating installation to which each item was returned.
- (5) All items of GFE sold during the month.
- (6) Negative report when no changes have taken place.

Sufficient details will be given with each report to enable the Supply Division, OGC to make necessary adjustments in their duplicate set of records.

d. Inventories of GFE will be submitted by each installation to the Supply Division, Procurement Policy Branch, Office of The Quartermaster General, as of 31 December each year, to arrive not later than 15 January of the following year. Inventories will include GFE items on hand in distribution stock and items in use at contractors' facilities. Inventories will be submitted oftener when requested.

### 84. DISPOSITION OF EQUIPMENT

a. Upon receipt of notification from a contractor that GFE on hand in his plant is no longer required for use on contracts, or upon similar advice from the Contracting Officer or a Government inspector, or upon receipt of a copy of a notice of termination, which renders the item of GFE idle, the GFM Branch will:

- (1) Check GFE files to determine total quantity of GFE in possession of the contractor.
- (2) Check with the Contracting Officer as to future requirements of the holding contractor or other contractors of the installation, initiating transfer wherever necessary in the same manner as prescribed for transferring GFM.

b. When necessary, a storage agreement will be negotiated to protect the Government's interest whenever an item of GFE is being held temporarily pending inclusion in a new end item contract.

c. If the administering installation has no further need for the equipment, the Contracting Officer will request disposition instructions from Supply Division, Procurement Policy Branch, Office of The Quartermaster General, giving complete information in accordance with Procurement Regulation #7. Upon receipt of advice, the Contracting Officer will arrange with the GFM Branch to have the GFE disposed of as directed.

#### 85. TRANSFERS BETWEEN CONTRACTORS OF DIFFERENT INSTALLATIONS

a. Where GFE is available for transfer from contractors of one installation to contractors of another, upon authority of the Office of The Quartermaster General.

- (1) The administering installation will
  - (a) Prepare the necessary lease or other agreement.
  - (b) Initiate a requisition on the shipping installation.
  - (c) Follow up for notice of shipment and receipt of property.
  - (d) Establish Equipment Historical Record upon receipt of GFE by contractor.
- (2) The shipping installation will:
  - (a) Determine that the requisition is properly prepared and signed by the administering installation and countersigned by GFM Accountable Property Officer of the shipping installation.
  - (b) Issue shipping documents in accordance with established procedure.
  - (c) Prepare an Equipment Historical Record, which will be marked "Information Copy," containing all pertinent information necessary for the establishment of the official Equipment Historical Record and a reference to the requisition, and forward to the GFM Branch of the administering installation.

86. TRANSFERS BETWEEN CONTRACTS WITH THE SAME CONTRACTOR - When GFE is transferred from use on a completed contract to use on a new contract with the same contractor, transfer will be accomplished in the same manner as prescribed for transfers of GFM between contracts of a contractor. The new lease or other agreement will be recorded in the GFE Register and all transactions involved in connection therewith will be separate and distinct.

87. SHIPMENTS BETWEEN TECHNICAL SERVICES OR GOVERNMENT AGENCIES

a. Transfers of Quartermaster Corps GFE to or from other Technical Services or Government Agencies will not be made except upon specific approval of Supply Division, Procurement Policy Branch, Office of The Quartermaster General.

b. Transfers of items of GFE from other services or agencies to the Quartermaster Corps will be effected as follows:

- (1) If procurement of GFE from other Technical Services or Government Agencies is approved, the Procurement Policy Branch, Supply Division, Office of The Quartermaster General, will issue instructions consistent with existing policies and procedures governing procurement of this nature. The GFM Branch of the requisitioning installation will be advised as to the instructions issued and the installation charged with procurement responsibility.
- (2) Upon receipt of method of procurement authorized by the Procurement Policy Branch, Supply Division, Office of The Quartermaster General, the GFM Branch of the installation will process a requisition, as prescribed in paragraph 82, to the Stock Control Division of the installation, if that installation is charged with the responsibility for procurement, or to the GFM Branch of the procuring installation.

c. Transfers of items of GFE from Quartermaster Corps stocks to other services or agencies will be effected as follows:

- (1) All requisitions received by an installation requesting transfer of GFE items, on a reimbursement basis, to other services or agencies will be referred to the GFM Branch of the installation. The GFM Branch will in turn request approval for the transfer from the Procurement Policy Branch, Supply Division, Office of The Quartermaster General.



- (2) If the transfer is approved, the GFM Branch will forward the requisition to the Stock Control Division of the installation for accomplishment of transfer in the manner currently prescribed for transfers to other services and agencies on a reimbursement basis. In the event that the transfer involves an item that is currently recorded on the Equipment Historical Record, action will be taken by the GFM Branch to transfer accountability to the Stock Control Division, and close out the Equipment Historical Record simultaneously.

88. FILES - Equipment Historical Record Forms will be filed, together with copies of lease agreement, related memoranda, vouchers and other documents in a separate folder for each GFE contract. Signed shipping document (s), constituting acknowledgment of receipt by the contractor, will support Equipment Historical Record Forms in all cases. Shipping document (s) covering final disposition of GFE items upon completion of a Bailment Method contract will also be included in the file of documents.

89. PROVISIONS COVERING USE AND MAINTENANCE OF EQUIPMENT

a. In order to assure adequate protection of the interests of the Government, contractual arrangements covering GFE furnished under the Bailment Method will include:

- (1) Provision for a fair charge for use of GFE.
- (2) Provision for necessary maintenance and upkeep.
- (3) Requirement that the contractor report to the Contracting Officer, loss, damage or destruction of GFE while in his possession or control.
- (4) Provision for contractors' liability in case of loss, damage or destruction, including "Excepted Perils, "as listed in PR 365.1A. Procedures to be followed in case of loss, damage or destruction of GFE are the same as provided for GFM in Section VII of this manual.
- (5) Requirement that contractor submit reports or inventories in accordance with Paragraph 90 below.
- (6) Provision covering segregation of GFE from other similar items, when applicable.
- (7) Provision for prompt notification when GFE is no longer needed by contractor for use on contracts for which it was furnished.
- (8) Use to be made of the equipment, stating supply contract number (s) when applicable.
- (9) Provision for marking of GFE.
- (10) Provision for periodic inspections.



## 90. INVENTORIES OF GFE IN CONTRACTORS' PLANTS

a. Contractors will be required to submit quarterly inventories of GFE in their possession, these inventories to be reconciled with records in the GFM Branch of the administering installation. Contractors will be required to indicate the purchase contract(s) for which equipment is currently used, and estimated length of time equipment will be needed.

b. Quarterly GFE inventory will be taken as of 15 March, June, September and December and be submitted to GFM Branch of the administering installation by the last day of each of those months. Relief from this provision must be approved by Director, Supply Division, Office of The Quartermaster General.

c. Contractors inventory will be checked against the GFE records in the accountable installation and discrepancies followed up immediately.

91. MARKING EQUIPMENT - GFE supplies to a contractor under the Bailment Method will be marked in accordance with the provisions of Section VIII, TM 14-911. The property identification number assigned to a GFE item procured subsequent to the publication of this manual will include the initials of the procuring installation, the identifying portion of the contract number, under which procurement was effected, the fiscal year and the line item number on the contract. As an example, a GFE item procured by the Jeffersonville Quartermaster Depot would be assigned the identifying number JQMD-2341-6-3. If more than one of a line item is procured, a letter suffix will be indicated for the additional pieces of equipment.

## 92. INSPECTION

a. Where available, Government inspectors will be requested to check the quarterly inventories of GFE in contractors' plants and to sign a certificate stating "that the company's inventory methods and procedures have been checked and found to be adequate, that a reasonable number of spot checks have been made by physical count, and that the resultant inventory figures are believed to be accurate".

b. The services of Government Inspectors may be called upon through the appropriate Inspection Zone Office at any other time, to assist the Accountable Property Officer in checking the condition of equipment and in maintaining the GFE records.

c. Inspectors will be requested to notify the Accountable Property Officer, GFM Branch, of administering depot, whenever an item of Government-owned equipment on hand in a contractor's plant is:

- (1) Not properly marked or cared for in accordance with terms of the GFE lease or contract.

- (2) Used in operations not related to a contract.
- (3) Lost, damaged or destroyed by any cause.
- (4) No longer required for use on a War contract. This is especially important, in order to assist the installation in prompt removal of equipment.

d. Inspectors will also be requested to assist in checking equipment, where necessary, upon termination of contracts involving GFE, or prior to sale, transfer, etc.

### 93. CLOSING OF RECORDS

a. At such times as equipment is removed from contractors' possession by return to storage or transfer to another contractor, or is sold to a contractor, or destroyed due to any cause, the account for such equipment will be closed by use of one of the following documents as a credit voucher:

- (1) Copy of VSD indicating receipt of consignee, where equipment is removed from contractors' plant.
- (2) Copy of sales agreement covering sale to contractor in possession together with shipping document covering shipment to contractor and copy of advice to Fiscal Division to effect collection.
- (3) Written advice of Contracting Officer, supported where necessary by Report of Survey, covering property destroyed or otherwise disposed of.

b. GFE Unit of the GFM Branch will review the file to ascertain that the Equipment Historical Record is complete and correct, including the lease agreement, sales agreement, related documents, memoranda, and written advice of the Contracting Officer, as required by TM 14-911, Paragraph 80b.

c. After closing, the GFM Branch forwards completed file to the Cost and Price Analysis Branch for audit.

Accountable  
Depot  
Date Acquired \_\_\_\_\_

EQUIPMENT HISTORICAL RECORD  
OF GOVERNMENT-OWNED EQUIPMENT  
FURNISHED TO CONTRACTORS

(Exhibit F)  
GFE No. \_\_\_\_\_

| Quan. | Full Description - Including Accessories and Controls | Property Identification No.  |
|-------|-------------------------------------------------------|------------------------------|
|       |                                                       | Make                         |
|       |                                                       | Original Cost                |
|       |                                                       | Mfg. Serial No., Yr. of Mfg. |
|       |                                                       | Std. Commodity Code No.      |
|       |                                                       | In Auth. War Reserve?        |

| Motors and Controls |              |    |       |        |       |       |                    |
|---------------------|--------------|----|-------|--------|-------|-------|--------------------|
| Quan.               | Manufacturer | RP | Volts | Cycles | AC-DC | Phase | Type and Frame No. |
|                     |              |    |       |        |       |       |                    |

| INSPECTION RECORD |              |           |      |              |           |
|-------------------|--------------|-----------|------|--------------|-----------|
| Date              | Inspected By | Condition | Date | Inspected By | Condition |
|                   |              |           |      |              |           |
|                   |              |           |      |              |           |
|                   |              |           |      |              |           |
|                   |              |           |      |              |           |
|                   |              |           |      |              |           |
|                   |              |           |      |              |           |
|                   |              |           |      |              |           |

| LOCATION AND ACCOUNTABILITY RECORD |         |             |      |                     |                   |
|------------------------------------|---------|-------------|------|---------------------|-------------------|
| Transferred to                     | GFE No. | Voucher No. | Date | Type of Transaction | Est. Date<br>Idle |
|                                    |         |             |      |                     |                   |
|                                    |         |             |      |                     |                   |
|                                    |         |             |      |                     |                   |
|                                    |         |             |      |                     |                   |

## SECTION X - PREPARATION OF MONTHLY GFM REPORT

### 94. MONTHLY GFM REPORT

a. The Monthly GFM Report will be prepared and distributed as follows:

- (1) Part I - Will be compiled by the GFM Branch on prescribed form, Exhibit G. Where necessary for its preparation, information will be obtained from the other Branches of the installation's Procurement Division. Three (3) copies of this part of the report will be submitted to the Office of The Quartermaster General, Procurement Policy Branch, Supply Division.
- (2) Part II - Will be prepared by the Cost & Price Analysis Branch in narrative form, to cover requirements referred to in paragraph 95 below, and will be transmitted in triplicate to the Office of The Quartermaster General, Procurement Policy Branch, Supply Division.

### 95. PROCEDURE

a. The Monthly GFM Report, as revised, which is reassigned Control Approval Symbol SPQBB 31-F, will be submitted in two parts, as outlined below:

Part I - Status of Essential GFM Activities, containing the following sections:

- A. Status of Contracts. (Including GFM and GFE furnished by Bailment Method and Excluding GFM and GFE furnished by Sales Method, except as hereinafter noted).
- B. Review of GFM List.
- C. Review of Usage Factors.
- D. Establishment of Working Stock Levels.
- E. Control of Working Stock Levels.

Part II - Monthly GFM Audit Report, containing the following information:

- A. Statistics on the extent of selective checks of GFM Contracts made during the month.
- B. Statistics on the number of errors, in total and by type and source of error, which have been uncovered by the audit.
- C. Number of GFM and GFE contracts returned to the GFM Branch for correction during month covered by report.
- D. Scope of the audit as well as findings and recommendations as to the adequacy and effectiveness of the internal controls.

b. Reports will be submitted by the 10th of each month as of the end of the next preceding month.

96. EXPLANATION FOR PREPARATION OF PART I - STATUS OF ESSENTIAL GFM ACTIVITIES.

The following information will be furnished in the spaces provided on QMC Form 1077, Exhibit G, (Control Approval Symbol SPQBB 31-F):

Section A - Status of Contracts

a. A major objective is to close and audit contractor's accounts within 60 days after acceptance of the last and final end items on the contract. To this end, it is the responsibility of the Contracting Officer to forward notice of acceptance of final shipment of end items within five days after such acceptance; it is the responsibility of the GFM Branch to close the contractor's account and to forward same to Cost & Price Analysis Branch for audit within 45 days of receipt of notice of final acceptance of end items; it is the responsibility of the Cost & Price Analysis Branch to audit the contractor's account within 10 days after the account has been submitted with its completed file. (On terminated contracts, the audit period will be reduced to three days). With respect to GFE contracts, the 60 day period will begin with the date on which it is determined that action is to be taken to dispose of equipment by sales transfer to another installation or technical service or other action which results in accountability being dropped by the Accountable Property Officer.

b. The installation should utilize the information required in this section of the form as a means of analyzing the effectiveness of closing and auditing contracts within the prescribed 60 days period. Corrective action will be taken by the installation to remedy inefficiencies in operation which delay the closing and auditing functions.

Note: All figures in Section A, except for Line 11 (D) include all contracts in which material and equipment has been furnished to contractors by the Bailment Method.

Line 1 (A)- Number of contracts in GFM Branch as of end of last month, on which final end items have not been reported as accepted by the Contracting Officer.

Line 1 (B)-Number of contracts in GFM Branch as of end of last month, on which final end items have been reported as accepted by the Contracting Officer, but process of closing accountable record has not been accomplished.

Line 1 (C)- Number of contracts closed and forwarded to Cost & Price Analysis Branch, but not completely audited.

Line 1 (D)- Total number of GFM contracts in process in Procurement Division. This figure will equal the total of 1 (A), 1 (B), and 1 (C).

Note: Lines 1 (A) through 1 (D) should be the same as Lines 8 (A) through 8 (D) on the previous month's report.

Lines 2 (A) and 2 (D)- New GFM contracts awarded during the month covered by the report.

Lines 3 (A) and 3 (B)- Number of contracts including complete terminations on which notice of acceptance of final end items has been received in GFM Branch from Contracting Officer. Contracting Officers will be directed to forward such notice to GFM Branch within a maximum limit of five days.

Lines 4 (B) and 4 (C)- Contracts on which the GFM Branch has closed the accountable property records (WD Form 27) and has forwarded same to Cost and Price Analysis Branch for audit.

Lines 5 (B) and 5 (C)- Contracts returned during the month by the Cost and Price Analysis Branch to the GFM Branch for correction.

a. These contracts are deducted from the contracts in process of audit and added to contracts in process of closing in order that these figures will reflect their actual location.

Lines 6 (B) and 6 (C)- Corrected contracts resubmitted by the GFM Branch to the Cost and Price Analysis Branch.

Lines 7 (C) and 7 (D)- Number of contracts on which Cost and Price Analysis Branch has completed audit during the month.

Lines 8 (A) through 8 (D)- Balance of contracts in process at end of reporting month.

Lines 9 (B) and 9 (C)- Number of contracts over 60 days old from date of acceptance of final end items, indicating those in process of closing (B) and those in process of audit (C), as of last day of reporting month.

Line 10 (C)- Number of contracts in Cost and Price Analysis Branch over ten (10) days.

Line 11 (D)- Number of active contracts of sale or sales agreements as of the end of the reporting month under which material or equipment was furnished to contractors by the sales method of furnishing. Sales contracts are considered active until audit by Cost and Price Analysis has been completed.

Line 12 - IMPORTANT - The Director of Procurement will indicate in the covering letter to the report the steps that have been taken to reduce the number of delinquent contracts reported in Line 9 (B), 9 (C), and 10 (C) and what improvement is anticipated in the succeeding month.

#### Section B - Review of GFM List

a. Review of the GFM List on a monthly basis is a stated requirement of Section III of this manual. Lines 13 through 17 of this report provide the spaces necessary for reporting such review to this office.

b. Contracting Officers, as well as GFM Accountable Property Officers will be held responsible for the monthly review and overall reduction of the GFM List. In making this review, it should be clearly understood that only essential industrial materials will be authorized for inclusion in the Authorized List of Essential Industrial Materials to be furnished to war contractors by the Government. Each installation will recommend deletions from the Authorized List whenever it is determined that a material can no longer be classed as essential in accordance with the factors set forth in Section I.

c. Experience has proved that the assistance of Contracting Officers can frequently overcome the problems of availability, priorities, and higher prices which otherwise made direct supply impossible. Therefore, in awarding new contracts, every possible effort will be made to assist contractors in developing their own direct sources of supply. Until such an effort has been made, no materials will be furnished by the Government except those presently on the Authorized List, those specially authorized by Office of The Quartermaster General for furnishing, or those formerly on the Authorized List which are still being furnished until stocks are depleted. Where it is found necessary to furnish a material not so authorized, a signed memorandum or a copy of QMC Form 1061, Exhibit B, will be forwarded by the Contracting Officer to the GFM Accountable Property Agent, indicating the information required by Section III. This report requires no Reports Control Symbol. Exemption is allowed under provision of Par. 4d(2), AR 305-15.

Line 13- Number of materials specifically authorized as GFM for the installation in the Authorized List of Essential Industrial Materials as of the first day of the reporting month.

Line 14- Additions to the Authorized List authorized during reporting month.

Line 15- Deletions from the Authorized List authorized during reporting month.

Line 16- Number of materials specifically authorized as GFM for the installation in the list as of the last day of the reporting month.

Line 17- The number of non-essential industrial materials (not on the Authorized List of Essential Industrial Materials) in Account Group 25, which are authorized to be furnished as GFM in accordance with the provisions of Section III.

#### Section C - Review of Usage Factors

a. It is the intent of Section IV that a group or division of the installation will be assigned the responsibility for the establishment of unit allowances for materials furnished to contractors. It is the stated responsibility of the GFM Branch to review periodically, on each end item, the actual experience in material usage of Government furnished materials on a Procurement Directive basis and to recommend the revision of allowances to the group or division responsible for establishing such allowances. The installation will submit to the Office of The Quartermaster General the name of the group or division assigned this responsibility.

b. As the minimum requirement, a review of usage factors on each Government furnished material for each active end item (hereforth referred to as an "End Item Component") will be made at least once each quarter. End item components which are obviously insignificant in either the quantities involved or for future procurement may be excluded from this review at the discretion of the installation.

c. This section of the Monthly GFM Report will reflect activity on review of usage factors on a calendar quarterly basis.

d. When there is 5% or less variations between the established unit allowance, and the actual usage factor, the variation will be considered insignificant and no further action considered necessary. When this variation is over 5%, consideration will be given to recommending a revision to the unit allowance.

Line 18- The number of the review and the quarter during which the review is to be made. (Recent end item procurement which is at least 90% complete will be reviewed). To illustrate:

Review No. 1 Period - July, August and September, 1945

Review No. 2 Period - October, November and December, 1945

Line 19 (E)- The total end item components to be reviewed will be computed by obtaining the grand total of the number of materials authorized to be furnished as GFM on the Authorized List of Essential Industrial Materials for each end item the installation procured, as of the first day of the quarter during which the review is scheduled. If a material is used in more than one end item, a review of the usage factor for that material in each end item is necessary.

Line 20 (E)- The number of end item components included in 19 (E) which are considered insignificant and which do not require review.

Line 20 (F)- The percentage of 20 (E) to 19 (E).

Line 21 (E) and 21 (F) - The difference between line 19 and line 20. THIS IS THE NUMBER OF END ITEM COMPONENTS TO BE REVIEWED BY THE END OF THE QUARTER.

Line 22 (E)- The number of end item components reviewed in which the maximum variations of actual usage were 5% or less. This figure is cumulative until all end item components indicated in line 21 (E) have been reviewed.

Line 22 (F)- The percentage of 22 (E) to 21 (E).

Line 23 (E)- The number of end item components reviewed in this quarter in which the variations of actual usage were over 5%. This figure is cumulative until all end item components indicated in line 19 (E) have been reviewed.

Line 23 (F)- The percentage of 23 (E) to 21 (E).



Line 24 (E)- The number of changes in unit allowances recommended during this review to the group or division responsible for the establishing of such allowances.

Line 24 (F)- The percentage of 24 (E) to 23 (E).

Line 25 (E)- The number of changes in unit allowances put into effect on end item components involved in this review.

Line 25 (F)- The percentage of 25 (E) to 23 (E).

Lines 18 through 25 (G) and (H)- These lines will be used in the same manner as lines 18 through 25 (E) and (F), for reporting Review No. 2 scheduled for the quarter immediately following. Recording data under each review will be continued until the end of the quarter or until the review is 100% complete, whichever is the longer period.

#### Section D - Establishment of Working Stock Levels.

a. In accordance with Section VI, working stocks in contractors' plants will not exceed 45 days requirements on manufacturing contracts and fifteen days requirements on assembly contracts. It is the stated responsibility of the GFM Branch to establish stock levels within these limits for materials furnished for each end item based on production cycle, delivery schedule of end items, manufacturing process, etc.

b. In order to establish working stock levels in contractors' plants for materials used in end items or groups of end items, it will be necessary for the GFM Branch first to review the existing levels for GFM being maintained on contracts for specific end items by the use of the procedure outlined in Section E below, or an alternate procedure devised by the installation which accomplishes the same result. Analysis should be made of contracts involving a representative cross section of the contractors involved in the manufacture, fabrication, or assembly of the end item, including large and small contractors, efficient and inefficient operators, etc. If feasible, the analysis should cover all contracts involved in at least one procurement directive for the end item. It is not necessary to review all materials furnished to contractors for the particular end item, but the analysis should be made of the basic material when it is GFM, or the major finding if only findings are Government furnished.

c. It is suggested that the GFM Branch select for analysis, in the order of their importance, end items in current procurement which involve the largest quantities of GFM. Consideration should also be given to reviewing a group of items, i.e., all types of shirts or packs, with the view of establishing a working stock level for the entire group.

d. After determining what stock level is being currently maintained, the GFM Branch will study the production cycle of the end item, the processes involved, the facilities of manufacturers, and similar factors, and will establish the maximum working stock level of materials for the end item after the establishment of the Working Stock Levels. New Invitations to Bid and contracts for the end item will reflect this working stock level in the Schedule of Delivery of GFM to contractors.

Line 26 (I) - The number of different end items for which the depot has purchase responsibility requiring materials listed in the Authorized List of Essential Industrial Materials. This figure should reflect only end items in an active status and should not include those which are limited standard or obsolete.

Line 27 (I) - The number of end items reviewed for the establishment of working stock levels.

Line 27 (J) - Ratio expressed in percentage of 27 (I) to 26 (I).

Line 28 (K), (L), (M), (N), (O), and (P) - The cumulative number of end items for which working stock levels have been established to date, as indicated in the column applicable.

Line 28 (Q) - The number of end items yet to be reviewed for the establishment of working stock levels.

Note: The total of entire line 28 should equal line 26 (I).

#### Section E - Control of Working Stock Levels (See Paragraph 41, Section VI)

a. It is the responsibility of the GFM Branch to review continually working stock levels in contractors' plants in order that adjustments may be made to maintain the established working stock levels. Established working stock levels will be reduced wherever factors involved indicate that such a reduction can be made.

b. "Contractor's Production & Inventory Reports" (Control Approval Symbol SPQEB 32-F) will be utilized to assist in the control of stock levels, particularly where there is acceleration or deceleration of production on the contract. Use of these forms is considered vital to efficient GFM operation.

c. In addition, the average working stock level of the GFM in contractor's plants will be reviewed continuously by the GFM Branch and Field Supervisors from Office of The Quartermaster General will from time to time make independent studies of working stock levels for comparison with studies made by the installation.

d. A minimum of 10% of the contracts audited during the previous month will be reviewed each month. Included in this 10% will be all delinquent contracts where the last shipment of end items was made fifteen (15) days or over after the date specified in the delivery schedule of the contract. When the number of delinquent contracts exceeds the 10% audited, all such contracts will be reviewed for actual average working stock levels maintained. The non-delinquent contracts selected for review will be chosen at random and will represent a fair cross-section of the audited contracts.

e. Average working stock level studies will be made of as many GFM components on each contract as is considered necessary to reflect the true stock levels for that contract.

f. The procedure outlined in Section VI, paragraph 45, or an alternate procedure devised by the installation, will be used in computing the average working stock level of GFM which was maintained in the contractors' plant. Alternate procedures will be submitted to the Office of The Quartermaster General, attention: Supply Division, Procurement Policy Branch, for approval.

g. In accordance with Sections VI and VII, the GFM Branch will promptly issue appropriate instructions after the completion of each contract, or sooner if possible, covering the transfer or return of Government furnished material not required to complete the contract. Any delay in effecting such a transfer will necessarily delay the closing of the contractor's account. When 20 days have elapsed since the date of acceptance of the final end item on a contract and the materials in excess inventory at the contractor's plant have not been ordered transferred or returned to the Government, the Chief of the GFM Branch will be notified of the contract involved and action will be taken to immediately effect the disposition of such materials. It is the responsibility of the Chief, GFM Branch to ascertain that contracts in this status are brought to his attention.

Line 29 (R) - The number of contracts audited during the previous month. This figure may be taken from line 7 (C) of the previous month's report.

Line 30 (R) - The number of contracts audited during previous month which were reviewed this month for actual working stock levels.

Line 30 (S) - The percentage of 30 (R) to 29 (R).

Line 31 (R) - The number of contracts reviewed in which established working stock levels were exceeded.

Line 32 (R) - The number of contracts closed during reporting month as reported in Line 4 (B) of the report.

Line 33 (R)- The number of contracts closed during the month in which the disposition of entire excess inventory of GFM in the contractor's plant was not effected within 30 days from the date of acceptance of the last and final end item.

Line 33 (S) - The percentage of 33 (R) to 32 (R).

**EXHIBIT G**

| MONTHLY GFM REPORT                                                             |  |  |  |  |  |                                              |                                             |                                         |                                      |
|--------------------------------------------------------------------------------|--|--|--|--|--|----------------------------------------------|---------------------------------------------|-----------------------------------------|--------------------------------------|
| PART I - STATUS OF ESSENTIAL GFM ACTIVITIES                                    |  |  |  |  |  |                                              |                                             |                                         |                                      |
| DEPOT                                                                          |  |  |  |  |  | AS OF MONTH ENDED                            |                                             |                                         |                                      |
| <b>A. STATUS OF CONTRACTS</b>                                                  |  |  |  |  |  | <b>GFM BRANCH</b>                            |                                             | <b>C &amp; PA BRANCH</b>                | <b>PROCUREMENT DIV.</b>              |
|                                                                                |  |  |  |  |  | ACTIVE CONTRACTS<br>IN PROCESS<br>(A)        | CONTRACTS IN PROC-<br>ESS OF CLOSING<br>(B) | CONTRACTS IN<br>PROCESS OF AUDIT<br>(C) | TOTAL CONTRACTS<br>IN PROCESS<br>(D) |
| 1 BALANCE END OF LAST MONTH                                                    |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 2 NEW AWARDS DURING MONTH                                                      |  |  |  |  |  | +                                            |                                             |                                         |                                      |
| 3 COMPLETED DURING MONTH                                                       |  |  |  |  |  | -                                            | +                                           |                                         |                                      |
| 4 CLOSED DURING MONTH                                                          |  |  |  |  |  |                                              | +                                           |                                         |                                      |
| 5 RETURNED FOR CORRECTION                                                      |  |  |  |  |  |                                              | +                                           |                                         |                                      |
| 6 CORRECTED FORWARDED TO AUDIT                                                 |  |  |  |  |  |                                              | -                                           |                                         |                                      |
| 7 AUDITED DURING MONTH                                                         |  |  |  |  |  |                                              | -                                           |                                         |                                      |
| 8 BALANCE END OF THIS MONTH                                                    |  |  |  |  |  |                                              |                                             |                                         |                                      |
| <i>Aging Of Contracts</i>                                                      |  |  |  |  |  | 9 OVER 60 DAYS OLD                           |                                             |                                         |                                      |
|                                                                                |  |  |  |  |  | 10 OVER 10 DAYS IN C&PA BRANCH               |                                             |                                         |                                      |
| 11 ACTIVE SALES CONTRACTS                                                      |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 12 IMPORTANT:                                                                  |  |  |  |  |  |                                              |                                             |                                         |                                      |
| <i>Covering letter will indicate steps taken to reduce 9(B) 9(C) and 10(C)</i> |  |  |  |  |  |                                              |                                             |                                         |                                      |
| <b>B. REVIEW OF GFM LIST</b>                                                   |  |  |  |  |  | 15 DELETIONS FROM LIST                       |                                             |                                         |                                      |
| 13 AUTHORIZED FOR GFM BEGINNING OF MONTH                                       |  |  |  |  |  | 16 TOTAL AUTHORIZED - <i>End of Month</i>    |                                             |                                         |                                      |
| 14 ADDITIONS TO LIST                                                           |  |  |  |  |  | 17 NON-ESSENTIAL MATERIALS AVAILABLE FOR GFM |                                             |                                         |                                      |
| <b>C. REVIEW OF USAGE FACTOR</b>                                               |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 18                                                                             |  |  |  |  |  | REVIEW NO.<br>PERIOD<br>(E)                  |                                             | REVIEW NO.<br>PERIOD<br>(G)             |                                      |
|                                                                                |  |  |  |  |  | (F)                                          | 100%                                        | (H)                                     | 100%                                 |
| 19 ACTIVE END ITEM COMPONENTS                                                  |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 20 EXCLUDED FROM REVIEW                                                        |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 21 BALANCE TO BE REVIEWED                                                      |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 22 REVIEWED - NEGLIGIBLE VARIATION                                             |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 23 REVIEWED - SUBSTANTIAL VARIATION                                            |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 24 RECOMMENDED CHANGES                                                         |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 25 CHANGES MADE EFFECTIVE                                                      |  |  |  |  |  |                                              |                                             |                                         |                                      |
| <b>D. ESTABLISHMENT OF WORKING STOCK LEVELS</b>                                |  |  |  |  |  | <b>E. CONTROL OF WORKING STOCK LEVELS</b>    |                                             |                                         |                                      |
| 26 END ITEMS TO BE REVIEWED                                                    |  |  |  |  |  | (I)                                          | (J)                                         | 29 CONTRACTS AWARDED LAST MONTH         |                                      |
|                                                                                |  |  |  |  |  |                                              | 100%                                        | (R)                                     | (S)                                  |
| 27 REVIEWED THIS MONTH                                                         |  |  |  |  |  |                                              |                                             |                                         | 100%                                 |
| 28 <i>Established Working Stock Levels</i>                                     |  |  |  |  |  | 30 REVIEWED THIS MONTH                       |                                             |                                         |                                      |
|                                                                                |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 31 WORKING STOCK LEVELS EXCEEDED                                               |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 20 DAYS UN UNDER                                                               |  |  |  |  |  | 32 CONTRACTS CLOSED WITHIN 30 DAYS           |                                             |                                         |                                      |
| 21-25 DAYS                                                                     |  |  |  |  |  |                                              |                                             |                                         | 100%                                 |
| 26-30 DAYS                                                                     |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 31-35 DAYS                                                                     |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 36-40 DAYS                                                                     |  |  |  |  |  |                                              |                                             |                                         |                                      |
| 41-45 DAYS                                                                     |  |  |  |  |  |                                              |                                             |                                         |                                      |
| FOR DEVIATION                                                                  |  |  |  |  |  |                                              |                                             |                                         |                                      |
| (K)                                                                            |  |  |  |  |  | 33 MATERIALS NOT TRANSFERRED                 |                                             |                                         |                                      |
| (L)                                                                            |  |  |  |  |  |                                              |                                             |                                         |                                      |
| (M)                                                                            |  |  |  |  |  |                                              |                                             |                                         |                                      |
| (N)                                                                            |  |  |  |  |  |                                              |                                             |                                         |                                      |
| (O)                                                                            |  |  |  |  |  |                                              |                                             |                                         |                                      |
| (P)                                                                            |  |  |  |  |  |                                              |                                             |                                         |                                      |
| (Q)                                                                            |  |  |  |  |  |                                              |                                             |                                         |                                      |
| PREPARED BY                                                                    |  |  |  |  |  | APPROVED BY                                  |                                             |                                         |                                      |
|                                                                                |  |  |  |  |  |                                              |                                             |                                         |                                      |
|                                                                                |  |  |  |  |  | DIRECTOR OF PROCUREMENT                      |                                             |                                         |                                      |

APPENDIX "A"

## APPENDIX "A"

### SUGGESTED CLAUSES FOR INCLUSION IN

#### GFM AND GFE CONTRACTS

##### 1. RECORDS OF GOVERNMENT OWNED PROPERTY

The GFM Accountable Property Officer, John Doe, Captain Q&E, Boston Quartermaster Depot, Boston, Massachusetts, Account No. 1-28, is designated as the officer to maintain the necessary property records in connection with this contract.

##### 2. MATERIAL TO BE FURNISHED

The Government shall furnish to the contractor for use in connection with and under the terms of this contract the material or equipment (hereinafter referred to as "Material") which the Schedule or the specifications state the Government will furnish, at the time or times, if any, and at the place specified in the Schedule. Title to the Material shall remain in the Government. The dates fixed for the contractor's performance of this contract are based upon the expectation that the Material will be furnished to the contractor at the times stated in the Schedule or, if no times are stated, in sufficient time to enable the contractor to meet such dates. In the event that any material is not furnished to the contractor at such time, the Contracting Officer shall, if duly requested by the contractor, make a determination of the delay occasioned the contractor thereby and an equitable adjustment on account of such delay under the section of this contract entitled "Changes" provided, however, that the Government shall not be liable to the Contractor for, and no such adjustment shall include damages or loss of profit.

##### 3. ALLOWANCES

The Government may furnish not more than 5% of the Material in short pieces; i.e., bolts or pieces of full width, 20 to 40 yards in length. The Government may substitute material for that listed in the Schedule and may vary the allowances set forth therein and substitution or variation shall be deemed a change and appropriate adjustment of the terms of this contract shall be made under the section of this contract entitled "Changes". If the Government so elects, the cloth furnished may be charged to contractor's account in units of one yard. Where a fraction is less than one-half yard it will not be recorded. Where it is one-half yard or more, it may be recorded and charged as a full yard. Contractor shall retain all piece tickets supplied with materials furnished under this contract for a period of 90 days after completion of the contract. (Follow with schedule of materials showing unit allowances for each size or item by width, type, etc.)

#### 4. EXCESS MATERIAL

If necessary to the performances of this contract, the Government will furnish materials in excess of the unit allowances specified in the contract or modifications thereto. Title to all excess material, including scrap and damaged goods, will remain in the Government unless otherwise provided herein. For the purpose of this article, prevailing Government price for each material will be determined as of the date of invitation for bids, if used; otherwise, as of the date of the contract.

#### 5. DISPOSITION OF SCRAP

Return of Scrap and Surplus Material. If at any time contractor has on hand material (other than scrap) not necessary for the completion of this contract, he shall notify the Contracting Officer of the quantities and types of such surplus Material. Unless otherwise directed by the Contracting Officer, the contractor shall return to point at which the Material was originally furnished to the contractor hereunder, in the manner and at the time specified by the contracting officer, all surplus Material and scrap and, at the completion or termination of the contract, all other Material not returned in the form of acceptable articles. All Scrap Material shall be segregated as to kind, weighed after each cutting and shipped in a suitable container free from refuse of any kind. If the Scrap Material is not clean when returned, the cost of cleaning will be charged to the contractor.

#### 6. PRODUCTION AND INVENTORY REPORTS

Unless otherwise directed by the Contracting Officer, the contractor shall record on a Production and Inventory Report form prescribed by the Contracting Officer, such information as is required by such form and shall forward the completed form to the Contracting Officer at times designated by the Contracting Officer.

#### 7. CERTIFICATES

Upon completion of the contract, the contractor will render the following certificate to the Contracting Officer:

It is hereby certified that all materials furnished by the Government under the above contract have been returned to the designated Quartermaster Depot(s) or Installation(s) and/or transferred as authorized by the Philadelphia Quartermaster Depot, in the form of finished articles, full pieces, short pieces, remnants, clippings containing wool, clippings containing cotton and/or rayon not purchased, irreparable rejects, components parts, cloth findings, or otherwise; and that this certificate is made with full knowledge and understanding of the penalty imposed by Section 35 of the Criminal Code for so certifying falsely.

Date:

Signature \_\_\_\_\_  
Contractor Title

## 8. SALE TO CONTRACTORS

The purchaser agrees that the materials purchased hereunder will be used solely in the performance of War Department Contract No. \_\_\_\_\_ qm \_\_\_\_\_, and that the Government may, at the option of the Contracting Officer, require that all or any part of such materials remaining in the possession of the purchaser upon the completion or termination of said contract be used in the performance of another specified war contract of the purchaser or returned to the Government. The materials returned to the Government will be properly packed and shipped f.o.b. purchaser's plant. For materials returned in their original condition, the purchaser will be paid in accordance with the unit prices therefor set forth in Article 1 hereof. For materials returned in other than their original condition, such as scrap, remnants, clippings and pieces, an appropriate reduction to reflect the reduced value of such materials will be made in the prices paid to the purchaser.







**ACCOPRESS BINDER**

**BD 2507 EMB**

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